億達中國控股有限公司
YIDA CHINA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

股份代號 Stock Code : 3639.HK

2022
ANNUAL REPORT
年 度 報 告

Contents

Corporate Overview

Yida China Holdings Limited (the "**Company**"), together with its subsidiaries (collectively referred to as the "**Group**"), founded in 1988, headquartered in Shanghai, is China's largest business park developer and leading business park operator. The main business involves business park development and operation, residential properties within and outside business parks and office properties sales, business park entrusted operation and management and construction, decoration and landscaping services. On 27 June 2014, the Company was successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

During the early stage of corporate development, the Group established its foothold in Dalian and relied on its local knowledge advantages. Meanwhile, it catered to the international development trends and enjoyed the advantages of its unique business model. Since 1998, the Group had firmly been seizing the international industrial relocation opportunities of service outsourcing industry and IT outsourcing industry, implementing "Private Investment + Government Support", Internationalization and "Industry-Universities" integration strategies, creating the business model of City-Industry Integration, and constructing and operating Dalian Software Park at a high standard. The Group had become a pioneer in the field of China's service outsourcing business park development and operation and had determined its future development direction.

During the business expansion stage, the Group improved its capacities in all fields, raised abruptly based on its accumulated strength and established its own core competitiveness. The Group, by relying on its successful experiences in the operation of Dalian Software Park and the government's economic development and industrial upgrading strategies, fully integrated internal and external resources, further developed and operated Dalian Ascendas IT Park, Tianjin Binhai Service Outsourcing Industrial Park, Suzhou High-tech Software Park, Wuhan Guanggu Software Park, Dalian Tiandi, Dalian BEST City, Wuhan Software New Town, Yida Information Software Park and many other software parks and technology parks. It helped the Group achieve its preliminary strategic goals of "National Expansion, Business Model Exploration and Diversified Cooperation". For 20 years, the Group had provided its services to nearly 80 Fortune Global 500 Companies. The Group had accumulated rich client base and operation experiences, forming a blue ocean for business development featuring high entry threshold, high customer loyalty, whole production chain coverage and immunity to cyclicality risk.

Throughout these years upon the Listing, the Group clearly put forward to be "China's leading business park operator". It pursued its national expansion goal through the strategy of "leading the development of asset-light business to actuate asset-heavy business, and developing asset-light and asset-heavy businesses simultaneously". Thus, the Group, by virtue of using the development mode of "City-Industry Integration", had been fully exploring its business in major first-tier and second-tier cities and economically vital regions.

In the "second half" of the real estate industry, the Group will cater to the trends and, by virtue of its strong internal and external resources, enhance its core competitiveness as to its business park development and operation to finally achieve scale development and performance improvement.

Corporate Information

Board of Directors

Executive Directors

Mr. Jiang Xiuwen *(Chairman and Chief Executive Officer)*
Mr. Yuan Wensheng *(appointed on 31 March 2023)*

Non-executive Directors

Mr. Lu Jianhua *(Vice chairman)*
Mr. Wang Gang
Mr. Cheng Xuezhi *(resigned on 11 February 2022)*
Mr. Ni Jie *(resigned on 31 March 2023)*
Ms. Jiang Qian *(appointed on 11 February 2022)*
Mr. Weng Xiaoquan *(appointed on 31 March 2023)*

Independent Non-executive Directors

Mr. Yip Wai Ming
Mr. Guo Shaomu
Mr. Wang Yinping *(resigned on 31 March 2023)*
Mr. Han Gensheng

Joint Company Secretary

Mr. Sun Mingze
Ms. Kwong Yin Ping Yvonne

Authorised Representatives

Mr. Jiang Xiuwen
Mr. Sun Mingze

Board Committees

Audit Committee

Mr. Yip Wai Ming *(Chairman)*
Mr. Guo Shaomu
Mr. Han Gensheng

Remuneration Committee

Mr. Guo Shaomu *(Chairman)*
Mr. Jiang Xiuwen
Mr. Han Gensheng

Nomination Committee

Mr. Jiang Xiuwen *(Chairman)*
Mr. Yip Wai Ming
Mr. Han Gensheng

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Headquarters in the People's Republic of China ("PRC")

5/F, People's Insurance Mansion
No. 8, Fuyou Road
Huangpu District
Shanghai
PRC

Principal Place of Business in Hong Kong

Room 2008, 20/F
Dah Sing Financial Centre
248 Queen's Road East
Wanchai,
Hong Kong

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisors

As to Hong Kong Law
Sidley Austin

As to Cayman Islands Law
Conyers Dill & Pearman (Cayman) Limited

Principal Bankers

Bank of Dalian
Harbin Bank
Shanghai Pudong Development Bank

Stock Code

3639

Company's Website

www.yidachina.com

Dear shareholders,

I present you the annual report of Yida China Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") for the year ended 31 December 2022 (the "**Year**").

Jiang Xiuwen
Chairman and Chief Executive Officer
Yida China Holdings Limited

Results

During the Year, the Group recorded revenue of RMB4,533 million, of which sales income from residential properties within business parks, office properties and standalone residential properties was RMB3,182 million; rental income from business parks was RMB507 million; business park operation and management service income was RMB254 million; construction, decoration and landscaping income was RMB590 million. Gross profit decreased by 35.1% to RMB1,060 million compared to the corresponding period of the previous year, with a gross profit margin of 23.4%. Net loss attributable to equity owners of the Company was RMB737 million.

Review of 2022

In 2022, real estate project development and investment was weakened and funds were thereby under pressure under the triple pressure of "shrinking demand, disrupted supply and weakening expectations" and the repeated superposition effect of COVID-19 epidemic. Moreover, the kinetic energy release of medium and long-term housing demand was weakened, and the real estate industry faced unprecedented challenges.

Since the beginning of the year, a number of policies to fix the economy and boost regional development and employment have been implemented in a timely manner, and policies have been optimized from both supply and demand to stabilize the expectations of the real estate markets. Nevertheless, it will take considerable time for the favorable policies to be transmitted to all micro levels of this industry.

The Group takes full advantage of its professional industrial operation capability and strategic layout, empowers industrial development with the help of policy guidance and internal and external industrial resources, assists tenant enterprises in realising visions. With the help of 5G, cloud computing, big data, Internet of Things, Internet and other technical means, the Group improves the management efficiency and service quality of the business parks, and creates a smart industry ecology, so as to provide a better growth environment for innovation and development of the tenant enterprises.

I. Building smart business park system to help upgrading of operation of business parks

During the Year, intelligent management approaches were established for smart business parks around three business sectors, including: park management, tenant recruitment and enterprise service, aimed at gradually reducing costs and increasing efficiency. By building smart business parks, the Group continuously enhanced the efficiency of operation and management of business parks, improved the service quality of business parks, created a smart industry ecology, provided a better growth environment for enterprise innovation and development, and helped Dalian Software Park, Wuhan First City, Zhengzhou Yida Creation City and other business parks to offer intelligent and integrated comprehensive park services, and realized the digital operation upgrade of smart business parks.

II. Deepening management reform to improve enterprise efficiency

In order to improve the performance efficiency of all departments and subsidiaries of the Group and strengthen the execution process in core businesses, the Group made efforts to ensure the efficient and steady daily operation of the Company by flattening the organizational structure, integrating departmental resources, sorting out post responsibilities and setting up a number of special working groups directly responsible to the top management according to the overall strategy of the Company.

III. Actively and effectively solving the financial distress to resolve risks

During the Year, the Company took a positive and responsible attitude to seek to alleviate the financial pressure by revitalizing the assets and releasing saleable resources under the continuous severe sales and financing environment. At the same time, the Group actively sought close communication with financial institutions and creditors, sought the support of the government and shareholders to realize the extension and reduction of coupon rate of outstanding debts, which won the necessary time and space for the stable and sustainable development of the Company.

Outlook for 2023

Under the background that the slowdown of global economic growth is gradually becoming the norm, China's economy still shows strong resilience. It is predicted that the short-term adjustment pressure of the real estate market will still remain in 2023, but the macro-economy will be improved as a whole and the real estate market is expected to gradually stabilize and recover after the impact of the epidemic is weakened.

The Group will focus on the major operating businesses and resolve debt risks based on the new three-year plan and business policy of "deleveraging, stabilizing debt, improving operation and seeking development". The Group will graft the resources of major shareholders and explore new businesses, so as to achieve new development under the new situation.

I. Actively exploring new business growth based on the current competitive advantages

In 2023, the Group will actively implement the overall three-year action plan of the controlling shareholder and promote the implementation of pilot businesses by relying on mature industrial operation experience. The Company will explore the new transformation direction of enterprises and realize the two-wheel drive of new business and traditional business by relying on the Group's abundant experience in development and operation and the advantages of partners' resources.

II. Continuing to revitalize assets and recovering cash and actively solving debt problem

The Group will promote the orderly revitalization of assets according to situation, work out special revitalization plans for different classes of assets, dispose of assets to decrease operating liabilities and accelerate the cash inflow. Meanwhile, the Group will pursuit the opportunity to dispose part of equity interests in certain project companies or obtain additional capital injection from external parties in such project companies which may be operated in an asset-light model. Moreover, the Company will set up special working teams to actively recover operational accounts receivable. The Company will continue to actively communicate with investors on debt solutions to ensure the medium and long-term sustainable development.

III. Introducing strategic partnerships to realize the grafting of advantageous resources

The Group will continue to promote the introduction of strategic partnerships, strengthen cooperation with the controlling shareholder, and expand and break through the existing development prospects by sharing the resources and financial strength of existing and potential shareholders.

Dear shareholders, on behalf of the board (the "Board") of directors of the Company (the "Director(s)"), I would like to express our heartfelt gratitude to all shareholders, investors, business partners and customers for their support for the Group, and to the top management and employees for their tireless efforts and contributions.

Yida China Holdings Limited
Jiang Xiuwen
Chairman and Chief Executive Officer

Hong Kong, 31 March 2023

Management Discussion and Analysis – Business Review
I. Operation of Properties Owned by Business Parks

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1 Yida Information Software Park

2 Dalian Software Park

3 Dalian Tiandi

During the Year, the Group wholly-owned four business parks, including Dalian Software Park, Dalian BEST City, Dalian Tiandi and Yida Information Software Park, and it also owned a 50% stake in Wuhan First City. The total completed gross floor area of the above business parks was approximately 1.933 million square meters ("**sq.m.**"), with a leasable area of approximately 1.312 million sq.m.. The Group recorded a rental income of approximately RMB507 million, which was more or less at the same level in the last year.

An overview of properties owned by the Group

(unit: '000 sq.m.)

Business Parks	Interest Held by the Group	Total Completed Floor Area	Leasable Area: Office Buildings	Leasable Area: Apartments	Leasable Area: Shops	Leasable Area: Parking Spaces	Occupancy Rate at the End of the Year	Address	Lease Term
Dalian Software Park	100%	637	391	180	33	42	85%	No.1 Shuma Square, Shahekou District, Dalian, Liaoning Province	2-10 years
Dalian BEST City	100%	223	99	–	7	41	62%	Chuntiangyuan, Ganjingzi District, Dalian, Liaoning Province	1-3 years
Yida Information Software Park	100%	156	131	–	4	20	94%	No. 953 Huangpu Road, High-Tech Zone, Dalian, Liaoning Province	2-10 years
Dalian Tiandi	100%	237	130	–	30	44	73%	High-tech Zone, Dalian, Liaoning Province, close to Lvshun South Road and divided into the Huangnichuan and Hekou Bay site	2-10 years
Wuhan First City	50%	680	83	18	29	30	87%	Intersection of Huacheng Dadao and Hua Shan Da Dao, Donghu New Technology Development Zone, Wuhan City, Hubei Province	1-3 years
Total		**1,933**		**1,312**					

Note: The financial statement of Wuhan First City is not consolidated, therefore the rental income of the Group excludes the rental income from such park.

With more than 20 years of experience in business park operation and industry tenant recruitment, the Group has built a complete tenant recruitment system and customized enterprise solutions to provide tenants with the most satisfactory plan for moving into the park and enhanced their work and life experience in multiple dimensions. Meanwhile, according to the characteristics and needs of tenants in the park, the Group will carry out practical and effective interaction activities to expand client circles.

In 2022, the negative impact of COVID-19 and cost reduction by some enterprises in the park resulted in the loss of some tenants and a reduction in the leased area. Some enterprises in the park reduced their recruitment and canceled their demand for expanding the lease area. Each park team of the Group made efforts to help the enterprises in the park tide over the difficulties, and connected internal and external resources through the overall synergy effect of the park, so as to minimize the above negative impact and realize the overall smooth operation. The Group accelerated the intelligent park upgrading in order to respond to the expected resurgence of the business activities in the post-pandemic period and meet the demand of enterprises in the park on service quality requirements which increased year by year. The Group reduced manual operation through intelligent management means, and realized accurate maintenance through online accurate asset analysis, visualized data display and automatic cycle management, thus avoiding the waste of resources and appropriately reducing labor costs. Through the full integration of technology and business, the Group optimized the user experience, increased client engagement and enhanced customer satisfaction.

During the Year, the Group's business parks won many national and municipal-level awards. Specifically, Dalian Software Park won the "Digital Service Cluster Park" award at the 12th China International Fair for Trade in Services, thus continuously improving its brand value. As an important platform to support the development of software enterprises, Dalian Software Park continuously implemented the construction philosophy of a "digital intelligent park", integrating resources from various channels, continuously improving the management and service level of the park, and realizing information-based management, intelligent building, platform-based services and intelligent decision-making, thus creating a better and more intelligent room for the development of enterprises.

Management Discussion and Analysis – Business Review (continued)

II. Sales of Properties

4 Zhengzhou Creation City

5 Dalian Glory of the City

6 Changsha Yida & CSCEC Intelligent Technology Centre

In 2022, the impact of COVID-19 on real estate sales and construction hit a three-year record high. Under strict control, the financing, sales and construction of the real estate industry were more difficult, and enterprises were under three-year accumulated pressure in terms of cash flow. After the easing of control, the housing market expectation, residents' income and willingness to obtain loans in key sales cities fell to rare lows in recent years. The downturn in the second-hand housing market limited the ability of consumers with housing improvement demand to purchase houses. In addition, large-scale infections with COVID-19 in China occurred at the end of the Year. As a result, there was no "retaliatory consumption" expected in the market, for the sales, without significant shift to positive policies. Nevertheless, the real estate policies in various places rationally focused on financing, sales and customer loans. The Group expected that the sales would be significantly increased in 2023, and the stabilization of the real estate market and its return to health would be very beneficial to the strategic development of the Group.

During the Year, with the development strategic advantage of "city-industry integration", the Group built benchmarking projects in key areas such as Dalian, Changsha and Zhengzhou. Based on the advantages of industrial development, the Group promoted the rapid development of urban supporting facilities to attract talents and support regional economic development. Steady progress was made in projects including Changsha Yida & CSCEC Intelligent Technology Centre, Zhengzhou Yida Creation City and Chongqing Yida Innovation Plaza. The Group reported a contracted sales amount of RMB1,952 million, a contracted sales area of 175.9 thousand sq.m., and an average contracted sales price of RMB11,095 per sq.m., which was basically in line with the previous year. Most of the main sales projects were located in Dalian, accounting for 57.2% of the contracted sales amount; the sales projects in Changsha and Wuhan accounted for 19.7% and 12.8% receptively. Most of the projects were residential property sales projects, accounting for 65.9% of the contracted sales amount.

During the Year, the sales revenue from the business was RMB3,182 million. The average sales price was RMB15,092 per sq.m., representing a year-on-year increase of 6.8%, which was mainly attributable to the different products recognised during the Year and increase in corresponding average price of each product recognised as compared to the same period last year. Projects carried forward during the Year were mainly ordinary residential properties. Revenue-contributing projects were mainly located in Dalian (82.4% of revenue), Zhengzhou (13.6% of revenue), and Changsha (4.0% of revenue).

Dalian

In 2022, the land market in Dalian dropped significantly, with both supply and sales reaching a ten-year low, less willingness of developers to purchase land, and a temporary slowdown in construction. During the Year, the transaction amount, area and average price of land decreased significantly. In the main city, there were only three plots of residential land sold, with a total sales floor area of approximately 104 thousand sq.m. The government prevented the over-supply of high-quality core land, thus playing a medium-and long-term role in protecting the housing market, which was sluggish in the short run. Driven by rigid demands and the demands for home upgrades, the potential of the Dalian real estate market will be finally released with the stabilization of policies, the improvement in the corporate financing environment, and the restoration of market confidence. Brand real estate enterprises will release their value, with their high-quality resources in core areas and accelerate their progress on the path of steady development.

Despite unfavourable external conditions, "Dalian Glory of the City", the Group's high-quality upgraded residential project located in the prime area of Zhongshan District, achieved contracted sales of approximately RMB547 million and sales area of approximately 18.5 thousand sq.m. during the Year with an average sales price of approximately RMB29,600 per sq.m., becoming one of the best-selling projects in Dalian during the Year. It is expected that the project will continue to make stable contribution to the Group's performance with the launch and sales of its third and fourth phases. During the Year, Dalian Tiandi Hekou Bay project located in High-tech Zone achieved contracted sales of approximately RMB313 million and sales area of approximately 22.4 thousand sq.m. with an average sales price of approximately RMB14,000 per sq.m..

Changsha

In 2022, there was a larger decline in the sales of new commercial housing, new construction area and land supply, due to the sustained depression of the real estate market arising out of weak rigid housing demand in Changsha. Due to various factors, customer activity in office buildings and high-tech industries in Changsha was low, and tenants were generally more cautious. In order to promote the healthy and stable development of the real estate market, Changsha issued a number of favorable policies, such as an increase in the cap on loans, relaxing of restrictions on housing purchases and provision of subsidies for talents. However, the recovery of market demand depended on economic support, and it took time for policies to pay off. During the Year, Changsha actively made arrangements for five strategic emerging industries. With the high-quality innovative resources of universities, Changsha promoted the high-quality development of the Changsha-Zhuzhou-Xiangtan metropolitan area, planned and constructed the advanced manufacturing corridor on the east bank of Xiang River and the science and technology corridor on the west bank of Xiang River at a high standard.

Changsha Yida & CSCEC Intelligent Technology Centre was constructed to be an agglomeration of tertiary industries including science and technology, finance and business. Through the introduction of intelligent systems and intelligent technologies, a future community with high quality, new hardware and complete facilities was constructed, to realize the urban upgrading of the district; With priority given to medical care and health, high-quality industries were introduced to form a sound industrial system and realize the industrial upgrading of the district, thus forming a dynamic model of the harmonious development of industry, city and people under the principle of "centering on people, attracting people by focusing on industry development, and promoting industries by city planning and construction."

Contracted Sales Details

	Sales Floor Area (sq.m.)	Sales Amount (RMB'0000)	Average Sales Price (RMB/sq.m.)	Percentage of Total Sales
Dalian	70,652	111,605	15,797	57.2%
Changsha	38,639	38,486	9,961	19.7%
Wuhan	32,059	25,081	7,823	12.8%
Chengdu	197	89	4,489	0.1%
Shenyang	9,540	3,634	3,809	1.9%
Zhengzhou	24,269	15,853	6,532	8.1%
Chongqing	564	436	7,729	0.2%
Total	175,920	195,184	11,095	100.0%


7 Chongqing Yida Innovation Plaza

	Sales Floor Area (sq.m.)	Sales Amount (RMB'0000)	Average Sales Price (RMB/sq.m.)	Percentage of Total Sales
Dalian Software Park	1,472	1,028	6,983	0.5%
Dalian BEST City	14,269	5,350	3,750	2.8%
Yida Information Software Park	10,249	11,596	11,315	5.9%
Dalian Tiandi	22,407	31,288	13,963	16.1%
Wuhan First City	32,059	25,081	7,823	12.8%
Changsha Yida & CSCEC Intelligent Technology Centre	16,880	20,359	12,061	10.4%
Changsha Yida Intelligent Manufacturing Industrial Village	21,759	18,127	8,331	9.3%
Zhengzhou Yida Creation City	24,269	15,853	6,532	8.1%
Chongqing Yida Innovation Plaza	564	436	7,729	0.2%
Shenyang Sino-German Yida Intelligent Technology City Creative Industrial Park	9,540	3,634	3,809	1.9%
Residential Properties outside Business Parks	22,452	62,432	27,807	32.0%
Total	175,920	195,184	11,095	100.0%
Residential Properties	89,879	128,618	14,310	65.9%
Office Properties	86,041	66,566	7,737	34.1%
Total	175,920	195,184	11,095	100.0%
Business Parks	153,468	132,752	8,650	68.0%
Residential Properties outside Business Parks	22,452	62,432	27,807	32.0%
Total	175,920	195,184	11,095	100.0%

Information on major property projects for sale

(unit: '000 sq.m.)

Items	Interest held by the Group	GFA	Floor area	Business type	Detailed address	Construction progress	Estimated completion date
Glory of the City Phase I	100%	55.0	17.9	Residences, apartments, shops, parking spaces	Qingyun Street, Zhongshan District, Dalian, Liaoning Province	Completed	–
Glory of the City Phase II	100%	125.9	25.1	Residences, apartments, shops, parking spaces		Completed	–
Glory of the City Phase III	100%	319.1	53.0	Residences, apartments, shops, parking spaces		Under construction	30-Sep-24

Management Discussion and Analysis – Business Review (continued)
III. Business Park Operation and Management

In 2022, the overall rental of business parks under management was not optimistic due to less willingness of small and medium-sized enterprises to lease or extend the lease area as a result of their operation generally falling short of expectations, on account of the impact of the macro-environment. In addition, due to the above reasons, the property owners of the park were generally under greater operational and financial pressure, which gave rise to a considerable challenge to the development of the business. With the gradual improvement in social and economic fundamentals, this business sector is expected to bottom out as there will be cooperation with the Company in more projects with lower-than-expected occupancy rates, weak management ability and delayed delivery due to the pandemic.

As at the end of the Year, the Group had 15 business park operation management projects, with a total area of approximately 145 thousand sq.m. under operation and management by the Group. During the Year, the revenue from the operation and management of the business park was approximately RMB254 million, representing a year-on-year decrease of 8.2%, mainly due to the gradual withdrawal from some existing projects which met completion conditions, and non-carry-forward of the revenue from new projects, during the Year.

In line with the 14th Five-Year Plan, the Group made efforts to secure new projects, effectively integrated high-quality customer resources by using industrial operation experience, and was strategically and deeply engaged in economically advantageous areas such as the Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Beijing-Tianjin-Hebei region, urban agglomerations in the middle reaches of the Yangtze River, urban agglomerations in Western China and Bohai Rim. Meanwhile, the Group will also concentrate its core resources, continuously improve the operation quality of existing projects, consolidate the standardized management foundation, continuously improve the new model of industrial services, and develop its market-oriented and unique core competitiveness, thus laying a solid foundation for realizing the long-term development strategy of the Company in the future.

In July 2022, the "Yida's Journey, Together with You – Yida China 2022 Industrial Exchange Conference" was successfully held in Wuhan. The conference with the purpose of "making joint efforts and planning for the future", attracted more than 100 elite entrepreneurs from all over China and from all businesses, to strengthen cooperation under the new industrial paradigm, and jointly analyze the development trend of the industry and explore the future development path. The Group will continue to build a platform for extensive exchanges and in-depth cooperation, promote knowledge sharing and supplier-buyer connection to form complementary advantages, effectively promote the integration and innovation of smart industries, provide customers, potential customers and upstream and downstream enterprises with opportunities for in-depth exchanges and mutual benefit, thus forming a closed loop of industrial chain and becoming an ecosystem partner.

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8 Meixihu Innovation Centre

IV. Construction, Decoration and Landscaping

9 Construction Sites in Dalian

During the Year, the total revenue from the construction, decoration and landscaping business was RMB590 million, representing a decrease of 1.5% as compared with the same period of the previous year, mainly due to the decrease in the construction output value completed during the Year. Due to the downturn of the real estate market, the construction industry declined continuously. All employees of the business will focus on their main business and "carry out innovation based on integrity." The Group will shift its business focus to hot spot cities in Southern China, retain existing large customers, and actively explore hot regional markets including the Greater Bay Area and the Yangtze River Delta. The Group developed markets in equipment leasing, cost consultation, entrusted labor services, house maintenance, etc., sought new sources of income, focused on cost-effectiveness, and promoted the development of the project team from "technical professionalism" to "operational professionalism."

The Group continuously deepened the high-quality product strategy, made great efforts to ensure the quality and safety of buildings and construction, created standardized product lines, and standardized the processes including model rooms, landscapes and decoration. The Group vigorously pursued the improvement in standards, launched the "solidification action" of safety quality management, improved various control standards and processes, and continuously enhanced the Company's construction management capability. As at the end of the year, the Group had a total of 12 projects under construction, with a total gross floor area of approximately 1.5 million sq.m. Specifically, Guangzhou Tengfei Residence, Dalian Poly Hefu and other projects were successfully completed during the Year, with a gross floor area of approximately 240 thousand sq.m. delivered. During the Year, the Group contracted several new projects in Dalian and Guangzhou, with an estimated increase on GFA of approximately 260 thousand sq.m. for construction.

Management Discussion and Analysis – Business Review (continued)
V. Land Reserves

As at 31 December 2022, the total GFA of the Group's land reserve was approximately 6.928 million sq.m. and the GFA of land reserves attributable to the Group was approximately 6.394 million sq.m., the land reserve in Dalian accounted for 75.6%.

The following table sets forth a breakdown of the Group's land reserves as at 31 December 2022:

By City	Total GFA of Land Reserves (sq.m.)	Proportion	Attributable GFA of Land Reserves (sq.m.)	Proportion
Dalian	5,235,948	75.6%	5,236,013	81.9%
Shenyang	43,364	0.6%	24,399	0.4%
Wuhan	579,681	8.4%	289,841	4.5%
Zhengzhou	419,858	6.1%	419,901	6.6%
Changsha	233,001	3.4%	118,830	1.9%
Chengdu	127,617	1.8%	89,912	1.4%
Chongqing	79,236	1.1%	79,236	1.2%
Hefei	208,966	3.0%	135,828	2.1%
Total	**6,927,671**	**100.0%**	**6,393,960**	**100.0%**

By Location	Total GFA of Land Reserves (sq.m.)	Proportion	Attributable GFA of Land Reserves (sq.m.)	Proportion
Business Parks	5,795,675	83.7%	5,335,102	83.4%
Residential Properties outside Business Parks	1,131,996	16.3%	1,058,858	16.6%
Total	**6,927,671**	**100.0%**	**6,393,960**	**100.0%**

10 Dalian Software Park

Projects Within/Outside Business Parks	Equity Held by the Group	Remaining Completed Leasable/ Saleable GFA (sq.m.)	GFA under Development (sq.m.)	GFA Held for Future Development (sq.m.)
Business Parks				
Dalian Software Park				
Office	100%	615,183	–	–
Residential	100%	101,589	–	–
Subtotal		716,772	–	–
Dalian BEST City				
Office	100%	222,117	73,820	515,172
Residential	100%	207,592	11,588	22,152
Subtotal		429,709	85,408	537,324
Wuhan First City				
Office	50%	232,347	174,500	155,058
Residential	50%	17,776	–	–
Subtotal		250,123	174,500	155,058
Yida Information Software Park				
Office	100%	152,139	–	118,798
Residential	100%	96,866	87,258	–
Subtotal		249,005	87,258	118,798
Dalian Tiandi				
Office	100%	310,788	242,430	1,397,474
Residential	100%	91,230	66,827	17,908
Subtotal		402,018	309,257	1,415,382
Chengdu Yida Tianfu Intelligent Science and Technology City				
Office	60%	42,064	52,200	–
Subtotal		42,064	52,200	–

Projects Within/Outside Business Parks	Equity Held by the Group	Remaining Completed Leasable/ Saleable GFA (sq.m.)	GFA under Development (sq.m.)	GFA Held for Future Development (sq.m.)
Changsha Yida & CSCEC Intelligent Technology Centre				
Office	70%	–	145,101	87,900
Subtotal		–	145,101	87,900
Sino-German Yida Intelligent Technology City Creative Industrial Park				
Office	70%	–	38,704	–
Subtotal		–	38,704	–
Zhengzhou Yida Creation City				
Office	100%	1,189	344,569	74,100
Subtotal		1,189	344,569	74,100
Chongqing Yida Innovation Plaza				
Office	100%	–	79,236	–
Subtotal		–	79,236	–
Projects Within Business Parks Subtotal		2,090,880	1,316,233	2,388,562
Projects Outside Business Parks				
Dalian	100%	513,490	307,503	68,684
Chengdu	100%	33,353	–	–
Hefei	65%	–	–	208,966
Projects Outside Business Parks Subtotal		546,843	307,503	277,650
Total		**2,637,723**	**1,623,736**	**2,666,212**

FINANCIAL REVIEW

Revenue

The sources of revenue of the Group include (1) income from sales of properties; (2) rental income; (3) income from providing business park operation and management services; and (4) income from providing construction, decoration and landscaping services.

During the Year, the revenue of the Group was RMB4,532.92 million, representing a decrease of 16.0% from the corresponding period of last year. The following table sets forth a breakdown of the revenue during the Year:

	For the year ended 31 December			
	2022		2021	
	Amount RMB'000	% of total amount	Amount RMB'000	% of total amount
Sales income of properties	**3,181,677**	**70.2%**	4,009,309	74.3%
Rental income	**507,177**	**11.2%**	510,024	9.5%
Business park operation and management service income	**253,573**	**5.6%**	276,107	5.1%
Construction, decoration and landscaping income	**590,496**	**13.0%**	599,625	11.1%
Total	**4,532,923**	**100.0%**	5,395,065	100.0%

(1) Income from sales of properties

The Group's income arising from sales of residential properties within and outside business parks, office properties and standalone residential properties for the Year was RMB3,181.68 million, representing a decrease of 20.6% from the corresponding period of last year, which was mainly due to the decrease in projects delivered during the Year.

(2) Rental income

The Group's rental income derived from operation of business parks owned by the Group for the Year amounted to RMB507.18 million, which was more or less at the same level in the last year.

(3) Business park operation and management service income

During the Year, the income arising from business park operation and management services provided by the Group amounted to RMB253.57 million, representing a decrease of 8.2% from the corresponding period of last year, which was mainly attributable to the gradual withdrawal from some existing projects which met competition conditions, and non-carry-forward of the revenue from new project during the Year.

(4) Construction, decoration and landscaping income

During the Year, the income from construction, decoration and landscaping services provided by the Group amounted to RMB590.50 million, representing a decrease of 1.5% from the corresponding period of last year, which was mainly attributable to the decrease in the construction output value completed during the Year.

Cost of Sales

The cost of sales of the Group during the Year amounted to RMB3,472.51 million, representing a decrease of 7.7% from the corresponding period of last year, which was mainly attributable to the decrease in projects delivered during the Year.

Gross Profit and Gross Profit Margin

The gross profit of the Group during the Year amounted to RMB1,060.42 million, representing a decrease of 35.1% from the corresponding period of last year, the gross profit margin decreased to 23.4% during the Year from 30.3% in the corresponding period of 2021, which was mainly attributable to different products carried forward during the Year and the decrease in corresponding gross profit of each product carried forward as compared to the same period last year.

Selling and Marketing Expenses

The sales and marketing expenses of the Group decreased by 46.3% to RMB118.69 million for the Year from RMB220.96 million in the corresponding period of 2021, which was mainly due to the decrease in sales agency fees and advertising costs during the Year.

Administrative Expenses

The administrative expenses of the Group decreased by 30.2% to RMB238.25 million for the Year from RMB341.20 million in the corresponding period of 2021, which was mainly due to the adoption of active measures to control administrative costs by the Company during the Year.

Other Losses – net

The net other losses of the Group recorded for the Year amounted to RMB272.07 million, which was mainly due to the increase of the net foreign exchange losses during the Year.

Fair Value Losses on Investment Properties

The fair value losses on investment properties of the Group amounted to RMB37.62 million during the Year, which was mainly due to the decrease in net rental income during the Year.

Finance Costs – net

The net finance costs of the Group decreased to RMB581.09 million during the Year from RMB821.29 million in the corresponding period of 2021, which was primarily attributable to the decrease in interest expenses.

Share of Net (Loss)/Profit of Joint Ventures and Associates

The Group's share of profit of joint ventures and associates decreased to the loss of RMB87.76 million during the Year from RMB90.95 million in the corresponding period of 2021, which was primarily attributable to the decrease in share profit in Wuhan New Software Park Development Company Limited and Hefei Yida Smart Science and Technology City Development Company Limited.

Income Tax Expenses

The income tax expenses of the Group include corporate income tax, land appreciation tax and deferred income tax. The income tax expenses of the Group during the Year was RMB425.91 million, representing a decrease of 31.4% as compared to the corresponding period of last year, mainly due to the decrease in land VAT expenses and corporate income tax for projects carried over during the Year.

Loss for the Year

As a result of the foregoing, the Group recorded a loss before tax of RMB310.58 million during the Year as compared to the loss before tax of RMB247.27 million in the corresponding period of 2021.

The net loss of the Group was RMB736.49 million during the Year as compared to the net profit of RMB22.19 million in the corresponding period of 2021.

The net loss attributable to equity owners was RMB736.77 million during the Year as compared to the net profit attributable to equity owners of RMB2.93 million in the corresponding period of 2021.

The core loss attributable to equity owners (excluding effects of fair value gains on investment properties, net of tax) was RMB708.56 million during the Year as compared to the core profit attributable to equity owners (excluding effects of fair value gains on investment properties, net of tax) of RMB90.86 million in the corresponding period of 2021.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 31 December 2022, the Group had cash and bank balances of approximately RMB358.80 million (including restricted cash of approximately RMB231.28 million) (2021: cash and bank balances of approximately RMB773.89 million, including restricted cash of approximately RMB330.69 million).

Debts

As at 31 December 2022, the Group had bank and other borrowings of approximately RMB12,050.83 million (31 December 2021: approximately RMB12,910.46 million), of which:

(1) By Loan Type

	31 December 2022 RMB'000	31 December 2021 RMB'000
Secured bank loans	**5,808,668**	4,917,730
Unsecured bank loans	**–**	1,600
Secured other borrowings	**4,306,601**	6,136,498
Unsecured other borrowings	**1,935,557**	1,854,632
	12,050,826	12,910,460

(2) By Maturity Date

	31 December 2022 RMB'000	31 December 2021 RMB'000
Within one year or on demand	**12,050,826**	10,870,260
In the second year	**–**	2,040,200
	12,050,826	12,910,460

As 31 December 2022, the Group's bank and other borrowing amounted to RMB11,696,826,000 were charged with fixed interest rate of 1.2%-13.00% per annum while the remaining balances of RMB354,000,000 were charged with variable rates.

Debt Ratio

The net gearing (net debt, including interest-bearing bank and other borrowings, less cash and cash equivalents and restricted cash, divided by the total equity) of the Group was approximately 102.5% as at 31 December 2022, which increased by 3 percentage points as compared to 99.5% as at 31 December 2021.

Foreign Exchange Risks

The functional currency of the Group is RMB and most transactions were denominated in RMB. As at 31 December 2022, the Group had cash and bank balances (including restricted cash) of approximately RMB140,000 and approximately RMB70,000 denominated in Hong Kong dollars and United States dollars, respectively. The Group had borrowings of RMB1,510.89 million and RMB369.80 million denominated in United States dollars and Hong Kong dollars, respectively. All such amounts were exposed to foreign currency risks. The Group currently has no foreign currency hedging policies, but the management continues to monitor foreign exchange risks and will consider hedging significant foreign exchange risks when necessary.

Contingent Liabilities

The Group enters into arrangements with PRC commercial banks to provide mortgage facilities to its customers to purchase the Group's properties. In accordance with industry practice, the Group is required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (i) registration of mortgage interest to the bank, or (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers. As at 31 December 2022, the Group provided guarantees of approximately RMB420.57 million to commercial banks in the PRC in respect of mortgage loans granted to the customers of the Group (31 December 2021: approximately RMB1,028.78 million). Besides, the Group provided guarantees to the extent of RMB125.65 million (2021: RMB319.80 million) as at 31 December 2022 in respect of bank loans granted to a joint venture.

Pledge of Assets

Details of the Group's assets pledged for the Group's bank and other borrowings are included in note 15 to the financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 614 full-time employees (2021: 955). The Group distributes remunerations to the staff based on the performances, work experiences of the employees and the current market salary level.

The Group regularly reviews the remuneration policy and plan and will make necessary adjustments to make it in line with the industry salary standards.

ABOUT THE REPORT

A. REPORTING STANDARDS

This section is the Environmental, Social and Governance ("ESG") Report (the "Report") issued by the Group. The Report was prepared in compliance with the provisions of "Comply or Explain" and the "Recommended Disclosures" in the Environmental, Social and Governance Reporting Guide under Appendix 27 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Report covers the period from 1 January 2022 to 31 December 2022 (the "Reporting Period"). The Report aims to summarize the ESG-related policies, practices, performance and results of the Group during the Reporting Period. The Report is prepared according to the following reporting principles.

Materiality	The Group focuses on issues that may affect its business growth and are important to its stakeholders. Please read the ESG report in conjunction with the section headed "Materiality Assessment" for details.
Quantitative	Key performance indicators ("KPIs") can be measured by relevant calculation methods, so that the ESG performance of the Group can be assessed and confirmed on an ongoing basis.
Balance	The information set out in the ESG report is based on the policies, documents and practices of the Group. The Report provides an unbiased picture of the ESG performance of the Group and areas for improvement.
Consistency	The Report uses consistent methodologies same as previous years' to provide meaningful comparisons of ESG data over time. Unless otherwise stated, quantitative KPIs are calculated by consistent methodologies. Reasons will be explained for any restated information published in the Report.

The scope of the Report covers the Group's major businesses. During the Reporting Period, the Group's major business include business park development and operations, sales of residential properties and office buildings within business parks and independent residences, business park entrusted operations and management, construction, decoration and landscaping services and property management service.

The Report is published with the approval of Board who is subject to the consideration and confirmation of the Group's senior management. For detailed information on the Group's corporate governance during the Reporting Period, please refer to the section headed "Corporate Governance Report" in this Annual Report.

AWARDS AND HONORS

2022 Top 100 Digital Transformation List – Emerging Companies in Digital Transformation	2022 Excellent Innovation Leaders List – 2022 Excellent Digital Innovation Company
2022 Leading Smart Industrial Park Solution Providers in China	2022 TOP 10 Industrial Town Operators in Brand Influence by CRIC – ranking 9th
2022 TOP 30 Industrial Park Operators in Overall Strength in China – ranking 10th	2022 TOP 30 Industrial Town Developers in Comprehensive Strengths in China at the 6th Real Estate Innovation Summit – ranking 12th
2022 TOP 30 Excellent Digital Development Performance – ranking 24th	2022 Red List for Real Estate Innovation Companies in China

SUSTAINABILITY GOVERNANCE

Adhering to the concept of "city development through industry integration while creating value together through coordinated development", the Group is committed to its social responsibility inherent to the process of development. By incorporating sustainability elements into its development projects, the Group aims to guide the long-term and healthy development of the industry and market, creating mutual long-term value to our stakeholders and shareholders.

STATEMENT OF THE BOARD

The Board assumes the overall responsibility for the ESG management policies, strategies and performance of the Group. The Board values the importance of sustainability management work and has established an effective ESG management mechanism, forming an ESG governance structure with clear hierarchy and division of labour. The Board is responsible for (including) providing strategic ESG guidance, reviewing and approving ESG-related policies and goals, and approving the annual ESG reports.

During the Reporting Period, the Board incorporated ESG issues and matters into the agenda of its regular meetings, in which the Board established and reviewed ESG-related policies.

During the Reporting Period, the Board also identified and completed the assessment of ESG issues and established new ESG environmental targets of the year. The Board has reviewed, discussed and confirmed the results of ESG work of the year.

A. SUSTAINABILITY GOVERNANCE

As social responsibility is important to the Group, we are committed to building efficient and transparent governance and reducing negative impacts at the business level. We have established an ESG working group, and have formulated a top-down governance framework which can identify and review the overall sustainability risks of each business department. In addition, the Board also received regular reports from the Listing Compliance Department on ESG work, and oversighted the overall ESG management of the Company.

During the year, we engaged an independent sustainability consultant to conduct a preliminary review on the soundness of our existing ESG reporting procedures and internal control of important environmental indicators, which laid a foundation for the validation of ESG reports over time.

B. MATERIALITY ASSESSMENT

In 2021, the Group engaged an independent sustainability consultant to conduct a materiality assessment with the objective of understanding and assessing ESG issues that are important to the Group and its stakeholders. As major businesses operated by the Group had no significant changes and the main stakeholders faced by the Group remained basically the same over the two years, the results of material issues in the previous year continue to be relevant in this year.

Stakeholders' Categories	Requirements and Expectations	Communication and Responses
Investors	Operations in compliance with laws Market values creation Strengthening risk prevention and control Information disclosure improvement	Continuously strengthening corporate compliance management Continuously achieving business performance Advancing corporate governance and risk management Publishing regular reports (annual reports, interim reports, monthly sales data) and timely information disclosure
Customers	Product quality and safety Customer service optimization Reliable privacy protection	Continuously improving products and services and carrying out customer satisfaction surveys Strengthening customer privacy protection
Employees	Promotion on employee development Protection of employees' rights and interests Caring for employees' health	Organizing employee trainings, improving promotion mechanism and building development platform Developing competitive compensation system and benefits protection mechanism Carrying out employees' activities and facilitating a safe and comfortable working environment
Suppliers	Mutual benefits and win-win cooperation Promotion on industry development Forging a responsible supply chain	Improving supplier audit management mechanism Participating in industrial organizations and promote industrial development
Community	Community service optimization Community-building support Social charity commitment	Improving community care and community services Actively participating in charitable donations and social charity activities
The Public	Climate change responses Local development support Provision of employment	Constructing low-carbon parks and green buildings, and lowering impacts of business activities on the environment Participating in local construction and local procurement Conducting campus and social recruitments

a. Determination on Material Issues

In determining the materiality of sustainability issues of the Group, the following steps were taken:

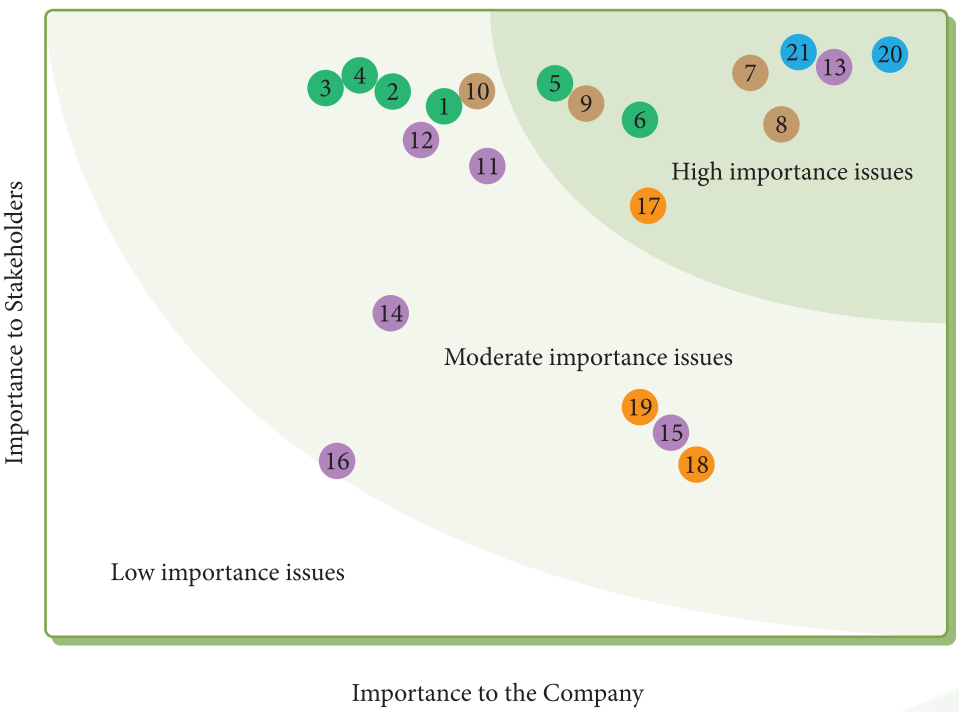
1. Identification of issues: The important sustainability issues of the Company are evaluated in conjunction with the concerns of stakeholders and the business nature of the Group, establishing a database of issues.

2. Prioritisation of issues: Internal and external stakeholder questionnaires were conducted, and the importance of each issue to the Company and stakeholders were respectively assessed, and prioritized.

3. Assessment on issues: The results of materiality will be assessed and confirmed by the Company's management and external experts collectively.

4. Reporting of issues: Collected information targeting at the identified materiality issues in the assessment and disclosed along with these material issues in the Report.

Materiality Matrix



Materiality	Priority	Issue Number	Title of Issue	Scope
High importance	1	20	Compliant Operation	Governance
	2	13	Quality Control and Safe Production	Operating Practices
	3	21	Anti-corruption and Building	Governance
	4	7	Employee Benefits	Employment & Labour Practices
	5	8	Protection of Rights and Interests of Employees	Employment & Labour Practices
	6	6	Climate change responses	Environment
	7	9	Employee Trainings and Career Development	Employment & Labour Practices
	8	5	Environmental Protection	Environment
	9	17	Public Charity	Community
Moderate importance	10	10	Occupational Health and Safety	Employment & Labour Practices
	11	1	Development of Green Buildings	Environment
	12	11	Protection of Rights and Interests of Customers	Operating Practices
	13	12	Service Quality and Customer Satisfaction	Operating Practices
	14	2	Waste Management	Environment
	15	4	Energy saving and Emissions Reduction	Environment
	16	3	Water Resources Management	Environment
	17	19	Promotion of Industry Development	Operating Practices
	18	15	Supply Chain Management	Operating Practices
	19	18	Promotion of Collaborated Local Development/Community Investment	Community
	20	14	Promotion of Quality and Efficiency Improvement	Operating Practices
	21	16	Acceleration of Digital Transformation	Operating Practices

PART 1 – ENVIRONMENT AND RESOURCES

The Group attaches great importance to environmental management, adheres to green development, and promotes green construction by adopting the construction concepts of energy saving and sustainable development. In order to promote the green and low-carbon development, the Group prioritizes the use of energy-saving process and environment-friendly new materials and makes good use of resources and energy to reduce the impact of its construction activities on the environment.

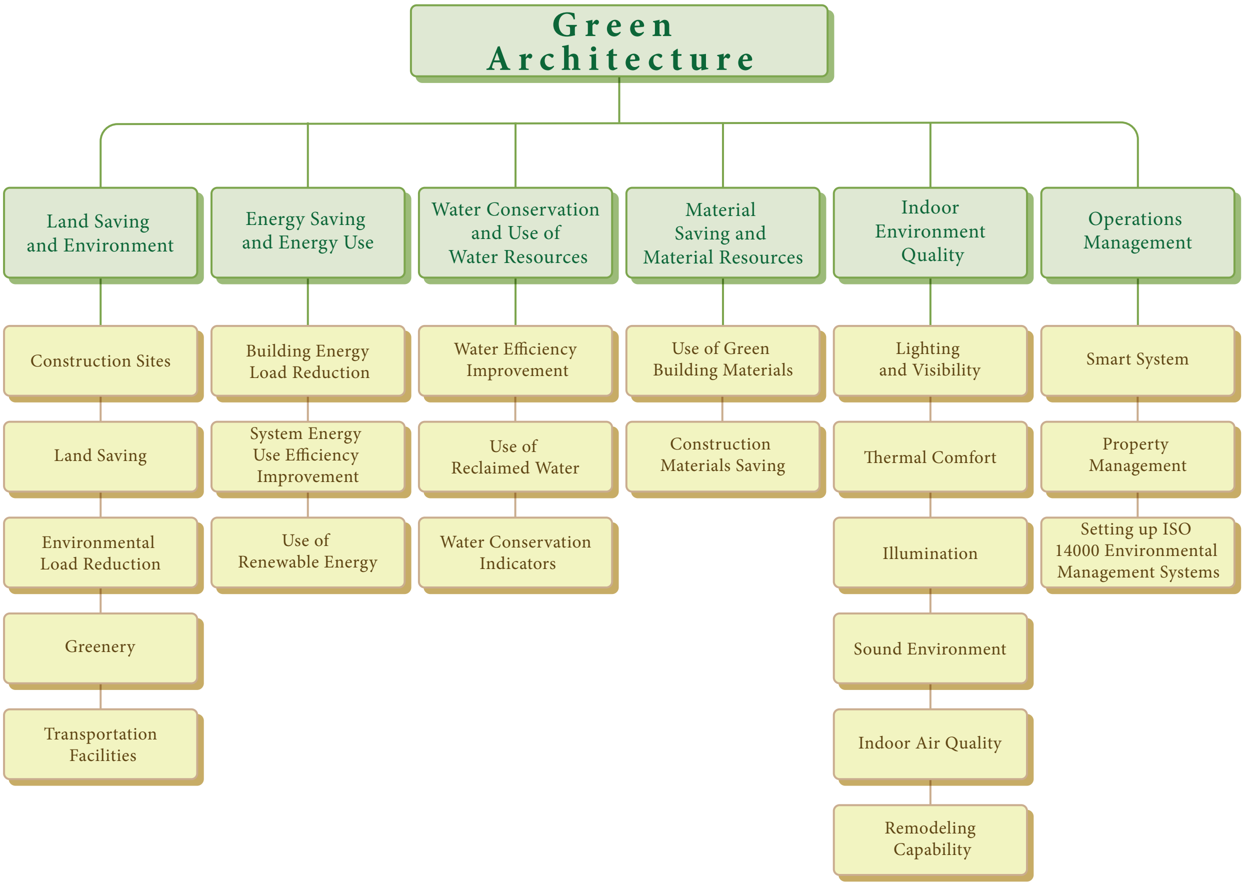
In 2022, the Group had no violations of laws and regulations and no individual cases of excessive or non-compliant discharges. In an effort to strengthen environmental management, landscaping projects and management activities of some parks comply with and obtained certification of the environmental management system required by the ISO 14001 standards.

This chapter responds to the following SDGs targets:

A. GREEN ARCHITECTURE

a. Green Design

In line with existing national standards such as the *Assessment Standards for Green Building of China* and *Technical Specifications for Green Building Assessment*, the requirements of LEED certification of Silver standards, as well as green and energy-saving technology of the Group and routine energy-saving technical measures, the Group proactively applies cutting-edge green design concepts and technologies in the development and design of parks in terms of energy saving and consumption, water saving and water resources use and operations management, thereby lowering energy consumption in the whole life cycle of construction products and minimizing the impact on surrounding ecological environment to the greatest extent possible. In addition, we have also incorporated the "Muchengyi Index" to evaluate and consider whether or not the progresses of different park development projects conformed to relevant ecological indicators, so as to ensure that our parks will achieve better green benefits compared to similar parks upon completion.

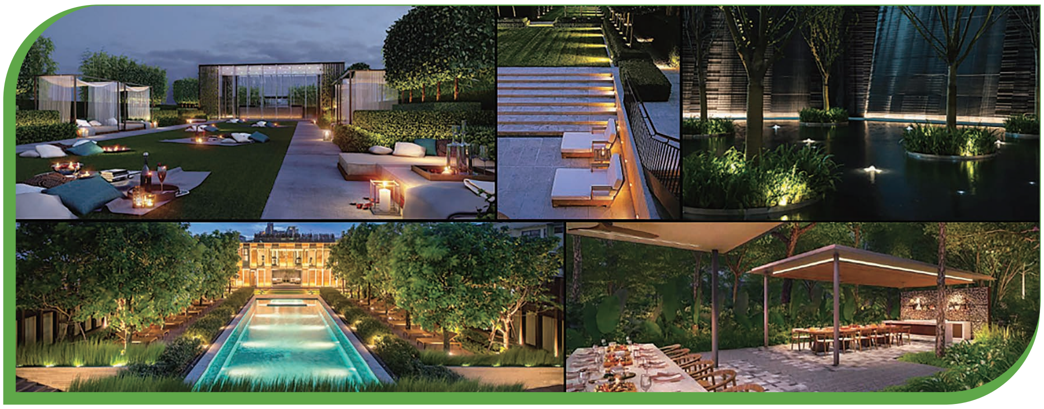


Yida China Framework on Green Design Standard

b. Green Buildings

The Group advocates for green buildings and believes that green buildings are the main trend of architectural development in the future due to the advantages in resource conservation, environmental friendliness, economic sustainability and social harmony. Therefore, the Group continues to promote green building-oriented development projects, For relevant residential projects, while complying with green building standards, the Group have introduced green building elements in the project design and architecture, such as solar power generators, smart charging stations, energy management systems, energy-saving lightings, green roofs, rainwater recycling, and reusable and recyclable materials. In addition, we have submitted applications for ratings to obtain external recognition on our key building projects.

Summary of Projects with Green Building Certification				
Rating of Green Building	**City**	**Name of Project**	**GFA (10,000 m²)**	**Project Progress**
1-Star Green Building	Changsha	Yida & CSCEC Intelligent Technology Industrial Park	6.06	Completed
1-Star Green Building	Dalian	Hekou Bay A1\A2\A3	11.5	Completed
1-Star Green Building	Dalian	Hekou Bay E1\E2\E3\A4\A5\A6\A7(A06-A12)	27.8	Completed
1-Star Green Building	Dalian	Hekou Bay A9(B10)	12.5	Completed
1-Star Green Building	Wuhan	Buildings B2~B14, C1~C16, Wuhan First City Phase II	21.67	Completed
1-Star Green Building	Chongqing	Chongqing Innovation Plaza Industrial Park	10.3	Under construction
2-Star Green Building	Chengdu	Yida Tianfu Intelligent Science and Technology City	2.17	Completed
3-Star Green Building	Wuhan	Building B1, Wuhan First City Phase II	0.66	Completed
2-Star Green Building (Model Project of Green Building in Dalian)	Dalian	Glory of the City	49.73	Under construction
1-Star Green Building	Dalian	Hekou Bay B1(B05)	14.6	Under construction

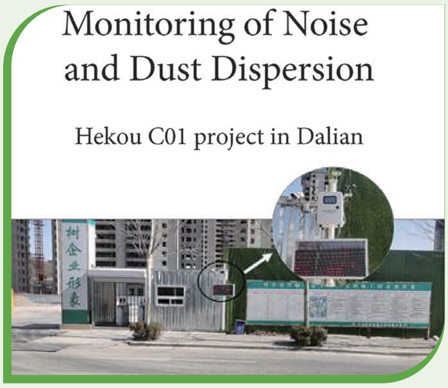


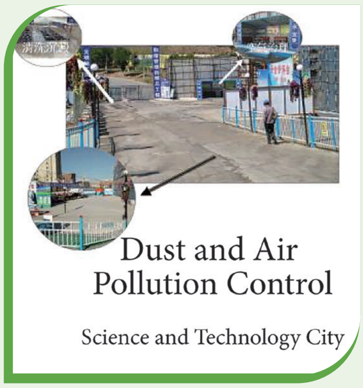
Yida China – Glory of the City

c. Green Construction

The Group has formulated the systems of *Construction Project Quality Objective Management* and *Construction Quality Management* to continuously optimize the construction environment and properly manage the construction process, thus reducing environmental pollution problems that may be caused in the construction process. The Group also requires contractors to strictly abide by national and local environment laws and regulations during the construction of the project, and strictly supervises and inspects the green construction processes such as dust prevention facilities, noise and sewage treatment, waste treatment, water saving and energy conservation, so as to create a safe, healthy and clean construction environment. In addition, Yida Construction, a subsidiary of the Group, has been certified to ISO 14001 environmental management system.

Dust and Noise Control	The Group has formulated the Special Construction Program of On-Site Dust Management and the Pollution Prevention Program of Construction Site Vehicles, and has taken a series of effective control measures to ensure that each project meets construction dust standards and maintains a sound condition in construction site. We also require the construction entities to set up noise and dust monitoring equipment in the construction process, which can monitor the air quality and noise intensity of the surrounding area of construction sites in real time and send warnings on pollution control and treatment if exceeding threshold. In addition, all discharges shall be subject to valid permits and licenses as well as in the presence of operating watering or spraying (sprinkling) dust reduction measures, functioning sound insulation equipment and other measures.





Spraying Dust Reduction Zhengzhou Creation City

Hazardous and Non-hazardous Waste Treatment	The Group is committed to reducing waste generated in construction projects and property management, and has formulated a series of measures to ensure proper treatment of waste. Construction entities are required to classify different types of wastes such as construction and domestic wastes; and take reasonable measures to recycle different building materials in a timely manner; reuse construction waste, so as to reduce waste of resources; non-reusable construction waste shall be treated by qualified third-party cleaning company certified by the local environmental and health department, thus ensuring all waste is properly processed to avoid damage the environment.  Lime soil backfill in Changsha
Water Resources Management	The Group strives to improve its water resource management, reduce water consumption, and constantly enhancing the capability of its industrial parks in processing reclaimed water and recycling rainwater to reduce the risk of water shortage. In addition to water conservation, we have formulated sewage treatment measures. The sewage generated in the construction process shall be treated in a sedimentation tank before discharged into the municipal sewage pipeline, and an online monitoring system for sewage treatment shall be installed to ensure that the sewage discharged into the municipal sewage pipeline meets the national water quality standards. During the Reporting Period, the Group had experienced no difficulties in obtaining suitable water sources.  Water Storage Module of Zhengzhou Creation City

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<td>Energy Conservation and Consumption Reduction</td>
<td>The Group continues to optimize the control of energy-saving lighting, upgrade the electrical lighting system, and encourage the use of the intelligent control and upgrading of lighting system. In addition, the Group actively uses renewable energy and installs solar water heating system on usable roofs of industrial parks to convert solar energy into heat and provide clean hot water for users. In order to ensure more accurate monitoring of energy consumption, the Group has established an energy management platform and installed automatic energy consumption monitoring equipment on cold and heat sources, transmission and distribution systems, lighting, office equipment and hot water consumption equipment for real-time monitoring of energy consumption data. Therefore, we can more effectively manage and plan the energy consumption of each processes and accurately review and improve the current energy-saving measures, thus improving the environmental management performance of the Group.



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<td>Other Environmental Protection Measures</td>
<td>The Group requires the construction entity to maximize the protection the original landscape and to increase vertical maintenance structures to reduce the disturbance of natural soil. In addition, we also encourage employees on technological transformation, process optimization, energy saving and consumption reduction, innovative management and waste reuse and recycle, etc.


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d. Green Office

In terms of green office, the Group has established relevant requirements on energy conservation under its office management system. Meantime, the Group promotes the "Clean Breeze Action • Civilization Convention (清風行動•文明公約)" activity in its ordinary management in line with the principle of "environmental protection and resource conservation", calling on all employees to actively participate in the effective conservation and utilization of office resources. In addition, the Group is planning to install roof distributed photovoltaic energy-saving solutions for the office space, and applies sensors and smart management platforms in lighting and indoor heating, in a bid to further conserve energy, mitigate emissions, reduce costs, and increase efficiency.

Saving electricity:	Strengthening the energy-saving management of lights, reducing the power consumption of lighting equipment. Making full use of natural light, turning off when leaving, turning on air conditioners according to needs, and turning them off before getting off work.
Water conservation:	Strengthening the daily maintenance and management of water equipment, saving water, and avoiding water weeping, bubbling, dripping, leaking and long running.
Reducing office consumables:	strengthening the management of office supplies consumption, printing on both sides of paper, set up a recycling place for used copy paper, and reusing low-consumables such as briefcases and paper clips.

e. Green Operation

As an enterprise focusing on real estate development projects, the Group actively shoulders its corporate environmental responsibility, relentlessly implements green design, construction and operation and other measures, and strives to minimize its impact on the environment. We actively promote the development of low-carbon, green and healthy buildings and carry out strict environmental protection management at all major operating sites. During the Reporting Period, in terms of greenhouse gas emissions, we further improved the energy management level of the construction process in the park and reduced the carbon emissions during the construction process. We encouraged employees, suppliers, property owners and other customers to reduce carbon emissions in their daily business activities. In terms of energy and resource use, we increased the use of renewable energy as far as possible, such as the use of solar energy. In addition, we comprehensively provided electricity-saving management reminders for reasonable control of air-conditioning temperature; use of LED energy-saving lighting, intelligent control, use of variable-frequency light sources, and inductive control of brightness; turning off electrical appliances not in use, putting up environmental protection notices at construction sites, and raising workers' awareness of environmental protection. In terms of water resources management, the Group has also continuously strengthened the ability of the park to treat reclaimed water and recycle rainwater, so as to achieve rainwater absorption, storage, purification and reuse, and reduce the risk of water shortage. We strictly comply with the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, the Water Law of the People's Republic of China, the Integrated Wastewater Discharge Standard, the Standard for Pollution Control on Hazardous Waste Storage and other laws, regulations and standards in relation to the discharge of waste gas and greenhouse gases, the discharge of pollutants into water and land, and the generation of hazardous and non-hazardous wastes, which have a significant impact on the Group. During the Reporting Period, the Group did not violate the above laws and regulations that have a significant impact on the Group.

The Group has further established the following 5-year targets by 2025/2026, against the baseline in 2021/2022:

Greenhouse gas emissions	Greenhouse gas emissions intensity will decrease by 15%
Energy and resource use	100% of lamps in commercial operation projects will be LED; all of the projects will be operated by the intelligent energy management system
Water resources management	The water consumption intensity of projects in the industrial park will decrease by 8%, and there will be a 3% increase in volume of water recycled
Hazardous and non-hazardous waste management	The annual diversion rate of construction waste will be 70% or more

f. Climate change responses

According to the Sixth Assessment Report issued by the Intergovernmental Panel on Climate Change of the United Nations, the Group is aware that the climate change is deteriorating and will bring potential risks to our business. The increasing climate change and frequent occurrence of extreme weather, such as typhoons and floods, may affect the production and transportation of our upstream materials, delay the progress of construction projects, raise the cost of our maintenance and construction assets, and increase asset depreciation risk. In order to reduce the negative impact of climate change, the Group actively explores climate change response solutions and identifies related risks and opportunities.

The Group proactively adopts a number of measures to mitigate the impact of climate change, such as improving the energy management and reducing carbon emissions in the construction process, setting up energy consumption monitoring systems, and reducing energy waste in the operation process to reduce greenhouse gas emissions, strengthening the management and research of green buildings, and enhancing the energy efficiency of buildings. To cope with extreme and changing weather, Yida China has formulated prevention and control measures and plans for extreme weather and takes earnest measures to minimize the damage to the interests of all stakeholders. In particular, the Engineering Department is required to organize regular fire and flood emergency drills to enhance the awareness and capability of construction workers in responding to extreme weather.

Part II – Talents and Communities

Employees are a valuable resource of the Group as well as an important factor in the success of our business. Under the "people-oriented" talent strategy, the Group continuously nurtures talents and builds a stable professional team. It also fully respects and cares for the well-being of its employees, protects their occupational health and safety, and provides diversified and specific training for employees in different positions. It is committed to providing a workplace that can help employees fulfill their aspirations.

A. Promoting Health, Safety and Well-being

The Group understands that a working environment that protects the health and safety of its employees is essential to the Group's operation and management. Therefore, we take different safety measures to manage and minimize or eliminate potential safety hazards based on industry standards and in consideration of relevant actual conditions in the project operation locations. We strictly comply with *the Law of the People's Republic of China on Work Safety, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases,* other laws and regulations, and continuously improve *the Quality, Environment and Occupational Health and Safety Management Manual* and other relevant rules and systems, to achieve the closed-loop management of all processes and ensure safe production.

a. Work Safety

In the previous year, the Group updated *the Construction Quality Management System* to define the content of project management, build a safe production management system and standardize the safe production operation while ensuring the quality and increasing the quantity. In addition, the Group has *the Quality, Environment and Occupational Health and Safety Management Manual* as its management policy, which applies to the management of the Company's construction projects and service processes and should be strictly complied with by leaders and employees at all levels. Some of the parks of the Group have also attained OHSAS 18001 occupational health and safety management system certification.

During the reporting period, the Group did not experience work-related fatalities.

Regular Safety Education of Yida China

In order to reduce safety risks and avoid accidents, and develop and enhance employees' awareness of health and safety, the Group regularly organizes fire safety training for its employees. We also provide new employee training for each new employee, including safety education, so that employees can fully grasp relevant basic health and safety knowledge and have the ability to deal with emergencies before taking up posts. Meanwhile, we require the submission of process documents including the Project Site Inspection Record Sheet, the Project Construction Log and the Minutes of Regular Engineering Meeting for projects to make clear the frequency, content and standards of safety inspections at all levels, ensure the normalization of safety supervision and inspection, and the effective management of safety civilization.

In addition, the Group has set up an emergency aid leading team to shoulder the response and treatment responsibilities of different emergencies and safety accidents, simultaneously, the emergency plan, reporting mechanism and handling system and management regulations are constantly improved. In the event of emergency, we take prompt rescue and treatment actions following the emergency plan to effectively protect personal safety of employees subject to accident level.

b. Occupational Health

The Group attaches great importance to the healthy working environment of its employees. Due to the continuous COVID-19 outbreak, in order to ensure the health of all employees and provide a healthy and safe working environment, we made the following efforts in the year:

i. All employees were required to pay more attention to the prevention and control of the pandemic, strengthen the disinfection of the office area and ideologically pay attention to pandemic prevention;

ii. We carried out regular disinfection of offices, and kept in reserve a certain amount of pandemic prevention materials, such as alcohol disinfectant, masks, protective clothing, etc.;

iii. We strictly controlled the visitors and did not receive visitors above the first floor unless necessary; meanwhile, we strengthened the control of gathering meetings and activities and encouraged online meetings instead of unnecessary gatherings;

iv. During the serious outbreak, the canteen was required to provide unified employees meal; meanwhile, taking into account the personal safety of the employees, phased working from home is adopted.

Meanwhile, the Group also held training in occupational safety and health from time to time.

Case sharing:

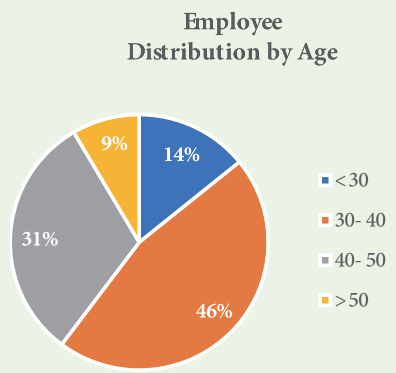
In order to improve the professional level of all safety operation employees, we have organized a total of 45 Safety Contests during the Reporting Period. All safety operation employees participated in the contests and the relevant lectures. Four of the participating employees were awarded the title of "Excellent Lecturer" and completed 4 theoretical examinations. Three participating employees were awarded the title of "Operation Expert Employee."

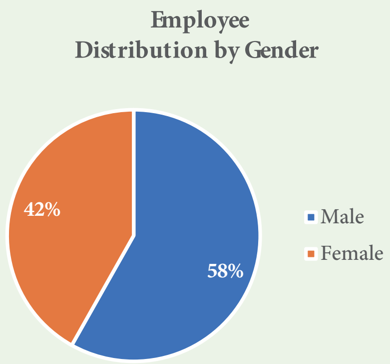
B. Recruitment Management and Talent Attraction

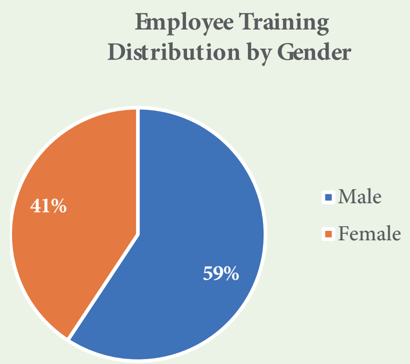
The Group has policies on employee benefits and employment. The policies and rules on remuneration, benefits and dismissal, recruitment and promotion, working hours, labour leave, equal opportunities, diversity and anti-discrimination are specified in the Yida China Staff Handbook for employees to understand. During the year, the Group also updated the Yida China Staff Handbook to more clearly and precisely standardize the work management requirements of the Group's employees and to increase the awareness of legal risks.

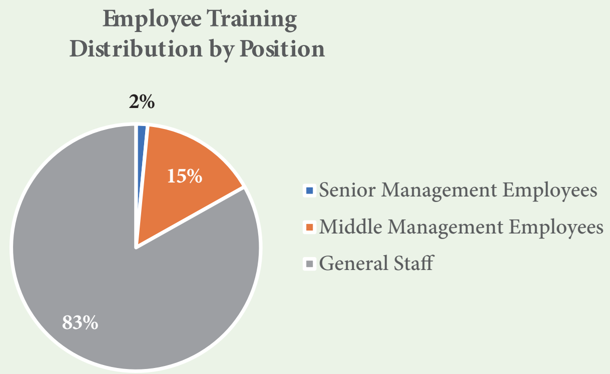
The Group strictly adheres to the principles of fair, impartial and open recruitment and strictly prohibits the employment of child labor or any form of forced labor. The Group strives to build a diversified working environment, promote equal and diversified employment opportunities, and adopt a zero-tolerance attitude toward any form of discrimination. In recruitment, selection and promotion, the Group undertakes not to discriminate against employees on the ground of gender, age, religion, ethnicity, family and health status.

In terms of internal promotion opportunities, the Group has an equal and transparent promotion mechanism. We assess the performance of our employees on a semi-annual basis according to key indicators and work plans. The assessment results are used as reference criteria for adjustments to employee salaries, promotions and positions. Detailed assessment and promotion criteria are set out in the staff handbook for employees to understand.









In terms of employee communication, the Group attaches great importance to employees' opinions. We accept and respond to employees' opinions in an open, free and earnest manner. Employees can submit their opinions to the Human Resources Department, the Administration Department or leaders. Meanwhile, they can also report problems to the Labour Union of the Group. We actively create a democratic atmosphere in the Group and enhance employees' sense of belonging.

Communication Channel	Units Receiving Communication	Descriptions of Communication
Public email	Human Resource Department	Communication relating to onboarding issues of employees
Human Resource management specialist	Human Resource Department	Maintaining good relationships with employees and collecting demands
Human resources interview	Training interviews Performance interviews	Conducted annually in mid-year and the end of the year respectively for purposes of understanding and communicating issues in processes of training and performance evaluation
Direct complaint	Group Vice President or Chairman Human Resource Department Labour Union	Ensuring that there are formal communication channels for employees to express their opinions on and report issues which are detrimental to the interests of the Company and individual employee
Election of union representatives	Labour Union branch	Communicating and overseeing policy matters related to employee benefits
Employee representative assembly	Labour Union	Covering most employees, and held every 1-2 years, so that employees understand and monitor the implementation of policies of the Company

C. Training and Development

During the reporting period, the total number of training hours of employees of the Group reached 10,036 hours; the number of hours of different training courses was 1,072 hours; the total number of training participants was 464, accounting for 75.57% of the total number of employees.

The following is a breakdown of the Group's employee training data by category during the reporting period:

Name of Training System	Target Group	Objectives of Training	Brief Descriptions of Training Course	Form of Training
New Employee Training	New employees	Facilitating the integration into the Company as soon as possible and gaining familiarity with the working model and development plan of the Company	Corporate introduction, brand culture, human resources, internal control, finance and other courses	Offline training Online courses Online examination
Professional training	Employees of each professional line	Review of professional courses, and improvement in the curriculum objectives of each specialty and level according to the business operation of enterprises.	Learning map	Offline training Online courses Online examination
New generation project	Project management trainee (recent graduate employee)	Nurturing professional/management talents in 5 years to provide a backup force for business development	Project management-related courses and practical learning	Offline training Online courses Field practice

Case sharing:

<SIREN TRAINING>: A training was offered with an aim of clarifying the major potential safety hazards that occurred frequently in each stage of production and each specific procedure conducted. Based on the experience of various safety accidents in recent years, analyzing their causes, and summarizing preventive measures for similar accidents, encouraging participants to give advance warnings in different process at different time. Carrying out safety education for management personnel and site construction personnel through education, drilling, inspection and seminars, so as to achieve a shift from personal safety awareness to team safety awareness.

Case sharing:

Dalian Software Park held a live streaming campus recruitment campaign of “Jobs Towards the Future” (職通•位來) to connect schools and enterprises, thus playing the role of the park as a bridge. The event lasted for 3 days and was warmly praised by enterprises, schools and student. The campaign successfully introduced 1,400 jobs by eleven companies, recorded 10,476 views, and 102,000 likes.

In terms of employee care, the Group actively communicates with employees at all levels to understand the needs of different employees and provide effective care and benefits for employees with different needs.

Case sharing:

Offshore Activities in 2022

Sunstroke Prevention and Cooling in 2022

Visit to Dalian Forest Zoo in 2022 (Parent-Child Activity for Employees)

D. ANTI-CORRUPTION

The Group persists in ethical operations and regards good corporate governance as an important cornerstone for the sustainable development of the Company. The Group requires its employees to hold to a high standard of integrity and ethical conduct, and strictly prohibits any corruption and fraud. We strictly comply with the laws and regulations relating to bribery, extortion, fraud and money laundering, including *the Criminal Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, and the Prevention of Bribery Ordinance*. During the year, we established the general Integrity Cooperation Protocols to expand the scope of application at all levels to cover non-industrial contracts. In addition, the Group also actively conducts routine and special audits and whistleblowing integrity surveys, and also conducts online and offline anti-corruption and integrity training and promotion activities from time to time. All employees of the Group should take the initiative to avoid any conflict of interest or abuse of position or power in the Group for personal gain. Therefore, the Group opposes customers giving gifts or employees receiving gifts, so as to avoid unnecessary conflict of interest. All employees are required to hold to the highest standard of professionalism in the performance of their duties and are not allowed to gain a competitive advantage or promote the business interests of the Company through unethical or illegal business activities.

We provide a wide range of reporting channels for employees, suppliers, investors and other stakeholders to ensure that reports are quickly and accurately delivered to the Audit and Supervision Department of the Group.

Reporting Channel	Specific Information
Email reporting	jubao@yidachina.com
Hotline reporting	041184450009
Written reporting	Address: Block 4, Yida Plaza, 99 Northeast Road, Shahekou District, Dalian
Internal reporting	Link in the "Yida Integrity" Module in "V Portal" of the OA System of the Company

Acceptance of reports: The Group attaches great importance to reports of various stakeholders on corruption and fraud. Through standardized management, we are able to receive reports in a timely manner. Meanwhile, we link the reporting closure rate with employee performance to ensure that all complaints are addressed and responded to.

Report off review: We adhere to the philosophy of "no misjudgment, no omission" to ensure the authenticity of the investigation. After receiving the reports, the Audit and Supervision Department initially verifies the contents and information of the report submitted by the reporter. If the evidence is sufficient, the Audit and Supervision Department will immediately set up a project to carry out an in-depth investigation.

Reporter protection: After receiving a report, the Audit and Supervision Department will appoint a special person to contact the reporter and explicitly require relevant personnel to strictly keep confidential the contents of any report and the information of the reporter.

During the year, we strengthened the construction of clean organizations by conducting routine audits, special audits and report and honesty investigations.

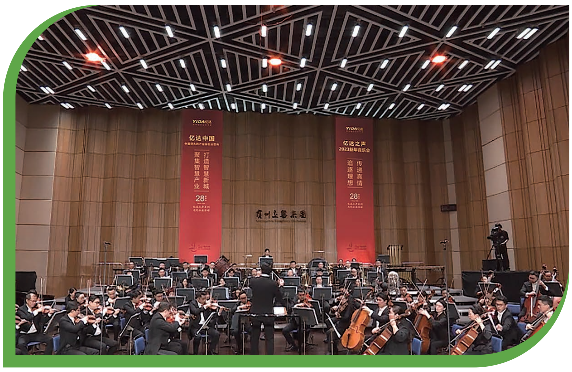
E. Contribution to the Society

The Group has always adhered to the belief of "corporate survival for society" and paid close attention to the needs of all sectors of society while developing the enterprise, and actively fulfilled its social responsibilities. The Group is committed to bringing a positive impact to society, actively participates in social welfare and charity, and continuously enriches and improves the cultural and living standards of the people.

- "Voice of Yida" Series of Cultural and Public Welfare Activities

Created in 1994, the "Voice of Yida" series of cultural and public welfare activities, which are diversified and comprehensive, have been held in various communities for 28 consecutive years. In order to enrich and enhance the cultural life of the citizens, the Group invited world-renowned orchestras and conductors to perform high-quality classical music at hundreds of events in China. We invite people from all walks of life and organizations, including volunteers, teachers, traffic police, children and teenagers who live in remote mountainous areas and love art, etc., to participate in the new year's concert held by us every year.

Meanwhile, the art education program of "Voice of Yida – Love Music Room Project" brings music to disadvantaged areas in Mainland China. We uphold the philosophy of spreading love and care through music and make contributions for students in remote and poor areas. So far, "Voice of Yida – Love Music Room Project" has covered 6 provinces and 12 cities, making donations for the construction of music classrooms for a total of more than 170 rural primary schools, benefiting more than 70,000 rural children.



The Group also carries out social welfare activities for health and environmental optimization:

Environmental Protection and Plogging Activity of Yida China:

Dalian Environmental Protection Volunteers Association and Dalian Sea Star Charity Running Team, together with autistic children, carried out the "Run with Love" activity, so that these "children from the stars" will no longer be lonely and can participate in environmental welfare activities. Plogging is a combination of jogging with picking up litter. It is currently a very popular sport that integrates public welfare with fitness.

Part III–Operation Management

The Group continuously optimizes its systems and processes to achieve win-win cooperation. Through communication and strategic cooperation with different suppliers, and a focus on industrial learning and research, the Group further promotes the performance of social responsibilities in the value chain.

A. Supply Chain Management

The Group believes that long-term and stable suppliers can effectively assist the Group in maintaining the quality of products and services. In response to the Guiding Opinions on Actively Promoting Supply Chain Innovation and Application issued by the State Council, the Group seizes new opportunities for supply chain development, actively makes a break with the traditional purchase management scope, innovates and builds a modern smart supply chain system. In 2019, the Group put into use, the Ming Yuan Cloud purchase system to achieve online operation management of the entire supply chain from supplier admission, purchase planning, bidding and purchase, and signature of contracts to supplier evaluation. The Group promotes simultaneous processing via mobile phone and computer to achieve "mobile integration" of applications. The Group comprehensively monitors the operation efficiency and transparency of the supply chain, and implements online monitoring and online early warning. During the year, we also optimized and standardized the supplier management procedures, simplified the purchase, bidding and approval procedures, and improved the sourcing efficiency through the optimization of the Tender and Procurement Management System. We achieved unified management from supplier admission to removal in qualification review, purchase and other processes.

During the current year, the Group assessed 330 performing suppliers, all of which met the relevant system requirements of the Group.

B. Responsible Products and Services

As an advanced business park developer in China, the Group has paid great attention to product quality and service quality. The Group continuously improves its service quality and customer satisfaction through continuous optimization of internal, engineering and service project management. The Group's quality products and services have been widely praised by society and the industry.

a. **Quality Responsibility**

In order to safeguard the quality of products and services, the Group ensures that the Company's operations comply with relevant regulatory requirements, according to the Integrated Management System Manual developed in accordance with the ISO 9001 Quality Management System. We also strive to maintain effective corporate governance and control by improving our internal management policies, so as to fulfill our commitment to provide high-quality products and excellent services to our customers. During the year, the Group updated and improved a total of approximately 10 systems and guidelines, including the Project Cost Management System, the Tender and Procurement Management System and the Implementation Rules on Purchase for Projects. In addition, in order to encourage the use of environmentally preferable products and services, the Group prefers suppliers who give priority to environmentally preferable measures, actively use environmentally preferable products and fulfill their ecological protection responsibilities during the bidding process.

Project quality management

- **Project Template**
  - Materials template confirmation
  - Construction template confirmation
- **Incoming Materials**
  - Sample confirmation for bidding
  - Sample sealing for bid winning
  - Organizing departments and suppliers to carry out a joint acceptance inspection
- **Measurement for the Project**
  - Comprehensive measurement for processes
  - 100% Measurement of of the area subject to household-based measurement, and the establishment of household-based measurement files
- **Quality Inspection of Project Processes**
  - Preparation of a plan for prevention of common quality problems
  - Closed-loop management and strict inspection
- **Finished Product Protection**
  - Specific protection measures for each project
  - The List of Record of Project On-Site Inspection and the Project Construction Log

Quality assessment management system

Yida China has a quality evaluation working team comprising 2-3 professional engineers from the engineering customer service department or a third-party consulting management organization, with one team leader.

Project evaluation: Supervision organizations and main contractors are organized to evaluate the quality of site construction by means of regular inspection, covering actual measurement of the site and inspection of the project management system

Evaluation and rectification: Rectification plans, plans and measures are provided to subordinate project departments within 7 days after completion of the evaluation of a project with problems. The subordinate project departments check the rectification results through random inspections, and complete the rectification report within 1 month and send it to the engineering customer service department of the headquarters for filing.

Casual inspection: The engineering customer service department of the headquarters carries out casual random inspections of the evaluation work of the subordinate project department to ensure the efficient operation of the entire quality supervision system.

b. Service Quality

The Group provides diversified technical services, policy services, brand qualification services, innovation incubation services, financial services, human resources services, space management services and park supporting services for enterprises in the park. The Group has established eight operational service systems for the industrial parks of Yida China, which provide customers with all-round corporate management and operation experience and supports the development of the enterprises.

Eight Operational Service Systems (or Service Platforms) of the Industrial Park

Value added services

Technical services

- Technology transactions (Registrations and Subsidies)
- Industry-university-research institute collaboration
- Transformation of achievements
- University and research institute pairing
- Industrial chain collaboration
- Project collaboration
- Academic seminar
- Technical training
- Industry expert induction

Policy services

- Policy and project management planning
- Approval for engagement in industries
- Project establishment
- Project application
- Policy training
- Deduction of research and development expenses for tax purposes
- New high-tech enterprises
- Scientific and technological enterprise filing
- Recognition of enterprises that apply special, sophisticated techniques to produce unique and novel products
- Industrial and commercial registration service
- Overall tax planning services

Brand qualification services

- Qualification management planning
- Intellectual property
- Industry system certification
- Software enterprise and software product recognition
- Corporate R&D center
- Corporate technology center
- Quality benchmark
- Smart factory (workshop)
- VI design
- Official account operation
- Introduction of brand and media resources
- Joint construction of party branches

Innovative incubation services

- Start-up nursery
- Business start-up counseling
- Enterprise accelerator
- Industrial resource sharing
- Project roadshow
- Pre-listing tutorship
- Broker tutorship
- Club tutorship
- Law firm tutorship
- Sharing of Yijie Club resources
- Entrepreneur circle activities

Financial services

- Industrial fund
- Startup investment
- Venture capital investment
- Corporate private placement
- Financing service
- Business loan negotiation
- Technology loan tutorship
- Guarantee loan for business start-up

Human resources services

- Introduction of high-end talents
- Academician workstation
- Professor R&D team
- Admission of talents with a doctorate and master's degree
- University training base
- Human resources outsourcing services
- Club services
- Law firm services
- Personnel recruitment
- Talent household registration service
- Undergraduate trainee base

Basic services

Space management services

- Services for obtaining approval for engagement in industries
- Enterprise move-in service
- Multimedia conference room service
- Lecture hall service
- One-stop office service
- Resale and sublease services
- Hotel and apartment services
- Shared office services

Park supporting services

- Design and renovation services
- Service for the centralized purchase of office supplies
- Paper binding service
- Smart parking service
- Park restaurant service
- Park supermarket service
- Security service outsourcing
- Cleaning service outsourcing
- Park property services

Case sharing:

Dalian Software Park project: A series of work was carried out around the eight major park value-added services. Based on the urgency of the demand of enterprises in the park during the pandemic, the park listed human resources services and commercial supporting services of the park as the annual focuses for value-added services:

– Human resources work: A total of 20 events were held during the Reporting Period, including 14 recruitment events and 6 salon training sessions. Through the combination of online recruitment events and offline school-enterprise cooperation and salon training, the online-offline work satisfied the basic employment needs of the enterprises and resolved the pain points and business needs of employment. Meanwhile, the collection of enterprises job opening data and the graduate applicant talents pool data via these events facilitate the future human resources value-added services provided by the park.

– Business supporting services of the park: A "flee market"/car boot sales for the software section of the park was hosted by the park management. This car boot sales has set scene for an online-to-offline sales offering for more than 20 merchants in 4 days. Attending companies include cultural and creative, garage kit, fresh cut flowers, books and duty-free stores and attracted more than 30,000 patrons into the software park. The event received good feedback from merchants and persons in the industries, which created a good reputation and foundation for similar innovative activities in future.

c. Customer Satisfaction

The Group adheres to the principle of "timely, honest and professional" in serving customers and solves customers' practical problems from the perspective of customers as far as possible, so as to improve customer satisfaction. We will conduct regular customer satisfaction surveys and standardize the acceptance, handling and feedback processes in the surveys to ensure a steady increase in customer satisfaction.

Customer Relationship Management System

The Group has developed the Customer Complaint Management Guide and the Customer Needs/Complaint Handling Process which require relevant employees to classify complaints into different levels according to the severity and type of complaints, including: daily complaints, major complaints and crisis events; According to the nature of housing, safety, environment and supporting facilities, formulate the response measures for the case. In addition, customers can also make complaints and feedback through various channels, such as visits, calls and mobile phone programs.

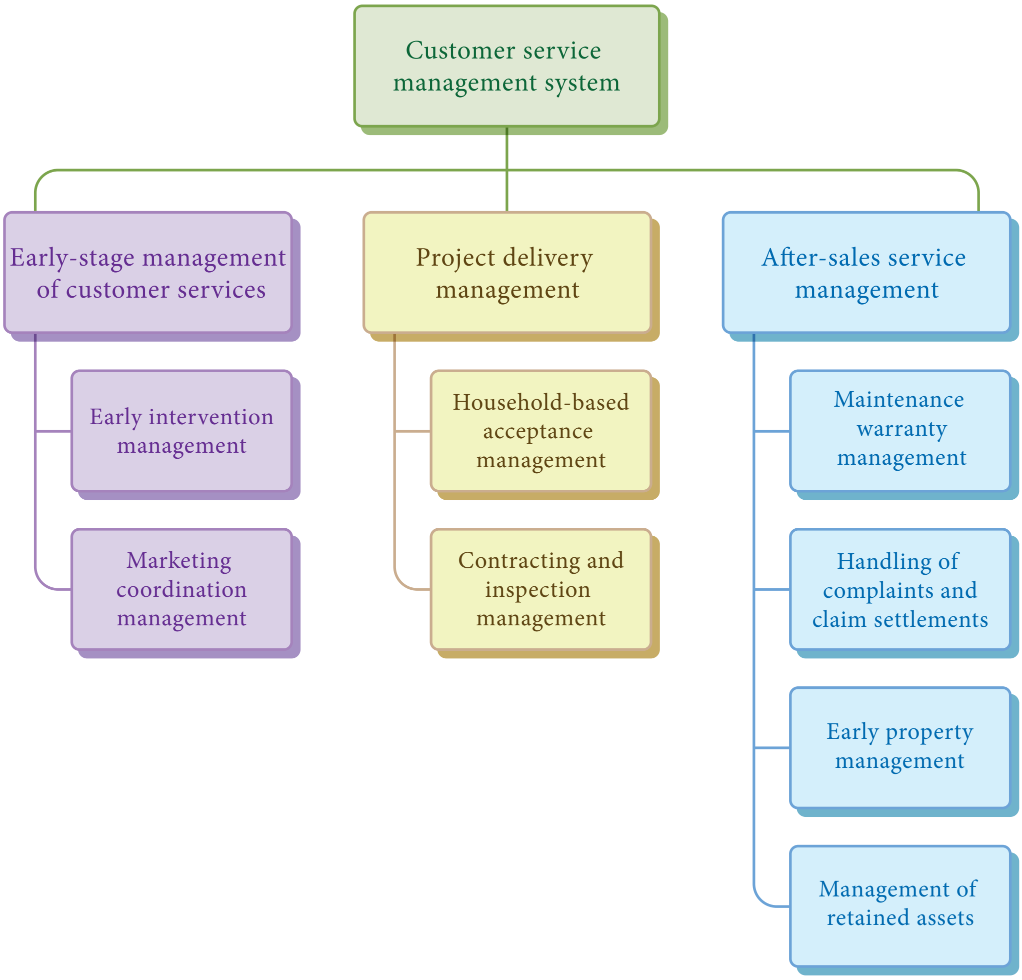


Diagram of the Customer Service Management System of the Park

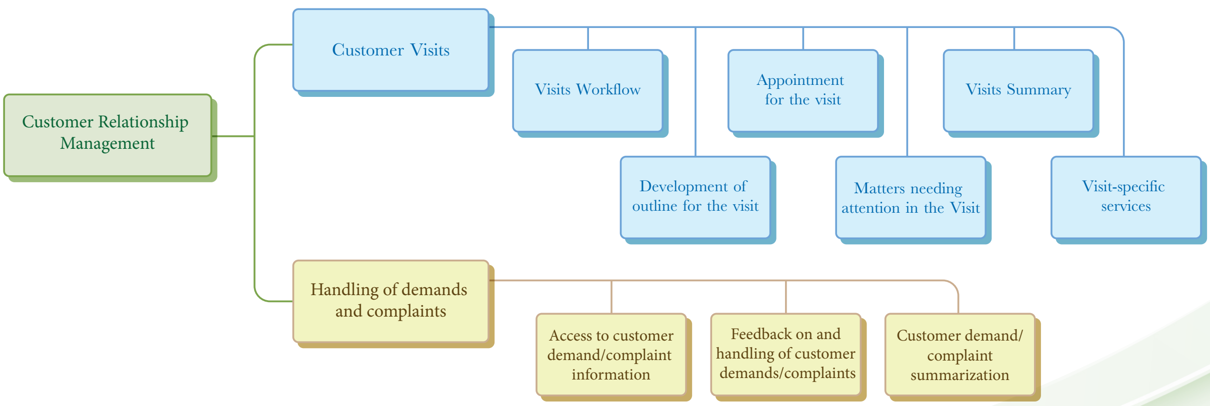


Diagram of the Residential Customer Service Management System

- We have long attached great importance to the voice of our customers. The Group has the Customer Service Management System and the Customer Relationship Management Guidelines and regularly conducts customer satisfaction surveys to strive for continuous improvement and ensure a steady increase in customer satisfaction.

- In order to improve customer satisfaction, the Group has a complaint management system that classifies complaints and their causes, and develops improvement plans. We also review each complaint and respond promptly to it according to standards. The customer complaint handling process is as follows:

Publicity of customer complaint channels → Acceptance of customer complaints → Coordinated handling of customer complaints → Closure for customer complaints and follow up → Statistical analysis of customer complaints → Collation of customer complaint documents

d. **Customer Privacy Protection**

The Group acquires operation-related information and materials from customers through legal channels. We have developed the Administration System, which clearly specifies the definition, classification and management of confidential information, including methods for collecting, storing and properly handling customer information. We have customer service-related departments, which designate special personnel to update information and carry out encryption management. The department heads are responsible for supervision and control, authorization for access, and regular destruction of customer information to ensure the safety of the personal data of customers.

e. **Intellectual Property and Privacy Protection**

The Group attaches great importance to originality and respects intellectual property rights. Therefore, employees of the Group are not allowed to disclose or use any patents and trademarks of the Group and its customers without authorization. During the reporting period, the Group was not involved in any material breach of laws and regulations relating to intellectual property rights of goods and services and privacy in Hong Kong and Mainland China.

Case sharing:

Wuhan Company

In 2022, Wuhan Paifu Intellectual Property Operation Co., Ltd. (武漢派富知識產權運營有限公司) was specially invited by the park to initially establish an intellectual property management system and a working mechanism for the application of patent information, for key enterprises in the park, and provide patent operation training and patent arrangement personnel training for the enterprises.

List of Policies

ESG Indicators	Applicable Laws and Regulations	Internal Policies in 2022
A1 Emissions	Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution Law of the People's Republic of China on the Prevention and Control of Water Pollution Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste	Program for Environmental Monitoring and Measurement Control Identification and Evaluation Control Program for Environmental Factors Control Program for Environmental Operations
A2 Use of Resources	Energy Conservation Law of the People's Republic of China	Program for Environmental Monitoring and Measurement Control Identification and Evaluation Control Program for Environmental Factors Control Program for Environmental Operations Quality, Environment and Occupational Health and Safety Management Manual
A3 The Environment and Natural Resources	Environmental Protection Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution	Program for Environmental Monitoring and Measurement Control Identification and Evaluation Control Program for Environmental Factors Control Program for Environmental Operations
A4 Climate Change		
B1 Employment	Civil Code of the People's Republic of China Labour Law of the People's Republic of China Labour Contract Law of the People's Republic of China Employment Promotion Law of the People's Republic of China Social Insurance Law of the People's Republic of China Minimum Wage Regulations	Yida China Staff Handbook Probationary Work Objectives

ESG Indicators	Applicable Laws and Regulations	Internal Policies in 2022
B2 Health and Safety	Labour Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Control of Occupational Diseases Work Safety Law of the People's Republic of China Fire Prevention Law of the People's Republic of China Law of the People's Republic of China on Emergency Response Regulations on the Safety Management of Hazardous Chemicals Regulations on the Reporting and Investigation of Production Safety Accidents Interim Provisions on the Investigation and Governance of Hidden Dangers of Work Safety Accidents Regulation on Work-Related Injury Insurance Provisions on the Administration of Occupational Health in the Workplace Classification and Catalogue of Occupational Disease	Yida China Staff Handbook Administration System
B3 Development and Training		Yida China Staff Handbook Mentorship Program Internal Trainer Management System
B4 Labour Standards	Labour Law of the People's Republic of China Regulations on the Prohibition of Using Child Labour Law of the People's Republic of China on the Protection of Minors	Yida China Staff Handbook
B5 Supply Chain Management	Construction Law of the People's Republic of China (2019 Amendment) Law of the Republic of China on Tendering and Bidding Regulation on the Implementation of Bidding Law of the People's Republic of China (2019 Amendment) Government Procurement Law of the People's Republic of China Civil Code of the People's Republic of China	Tender and Procurement Management System Integrity Cooperation Protocols

ESG Indicators	Applicable Laws and Regulations	Internal Policies in 2022
B6 Product Responsibility	Civil Code of the People's Republic of China Product Quality Law of the People's Republic of China Urban Real Estate Administration Law of the People's Republic of China Administrative Measures for Advance Sale of Commodity Houses in Urban Areas Administrative Measures for Sales of Commercial Housing Regulations on the Administration of Construction Project Quality Administrative Regulations on Development, Operation and Management of Urban Real Estate Property Management Regulations Advertising Law of the People's Republic of China Patent Law of the People's Republic of China Copyright Law of the People's Republic of China Trademark Law of the People's Republic of China Law of the People's Republic of China on the Protection of Consumer Rights and Interests Cybersecurity Law of the People's Republic of China Personal Information Protection Law of the People's Republic of China	Industrial Operation Management System Customer Relationship Working Guidelines Door-to-door Visit Guidelines Customer Visit Guidelines Key Business Accounts Guide to Management of Customer Complaints Procedures for Handling Customer Demands/Complaints Guide to Management of Customer Complaints Guide to Handling of Reports on Issues/Repairs System for Management of Construction Project Quality Objectives Construction Quality Management System
B7 Anti-corruption	Company Law of the People's Republic of China Anti-Money Laundering Law of the People's Republic of China Anti-Unfair Competition Law of the People's Republic of China (2019 Amendment) Interim Provisions on Prohibition of Commercial Bribery Anti-Monopoly Law of the People's Republic of China Law of the Republic of China on Tendering and Bidding Civil Code of the People's Republic of China	Internal Audit Management System Management System for Term-end Accountability Audit Liability for Prohibition of Commercial Bribery Integrity Cooperation Protocols Whistleblowing Management System
B8 Community Investment	Charity Law of the People's Republic of China	Activities Management System

Performance Data Table

ESG Indicators	Unit	2020	2021	2022
A Environmental [1]				
A1 Emissions				
A1.1 The types of emissions and respective emissions data				
SOx emissions	Kg	Not counted	3.26	3.25
NOx emissions	Kg	Not counted	111.05	99.86
PM	Kg	Not counted	5.66	9.45
A1.2 Greenhouse gas emissions and intensity				
GHG emissions	Metric tons of carbon dioxide	82,765.33	23,131.87	17,649
Direct GHG emissions (Scope 1)	Metric tons of carbon dioxide	162.85	527.94	50.24[2]
Indirect GHG emissions (Scope 2)	Metric tons of carbon dioxide	82,602.48	22,603.93	17,699
Intensity of GHG emissions	Metric tons of carbon dioxide/m^2	0.003	0.004	0.005
A1.3 Total Hazardous waste produced and intensity				
Total hazardous waste	tons	Not counted	0.55	0.00
Hazardous waste intensity	tons/10,000 m^2	Not counted	0.00088	0.00000
A1.4 Total Non-hazardous waste produced and intensity				
Total non-hazardous waste	tons	Not counted	3,064	117[3]
Non-hazardous waste intensity	tons/10,000 m^2	Not counted	4.89	0.00
A2 Use of Resources				
A2.1 Energy consumption in total and intensity				
Overall energy consumption	tons of standard coal	13,390.58	5,947.65	6,991.60
Petrol consumption	Litre	42,269	97,154.46	22,105.51[2]
Diesel consumption	Litre	25,582	114,251.48	0[2]
Electricity consumption	kWh	108,324,310	22,856,908.31	30,377,334
Natural gas consumption	m^3	0	0	0
Purchased heat consumption	GJ	Not counted	84,764	78,146
Other energy consumption	tons of standard coal	Not counted	0	0
Energy consumption intensity	tons of standard coal/m^2	Not counted	0.00095	0.00241
A2.2 Water consumption in total and intensity				
Total water consumption	m^3	1,095,367	565,623	356,347
Water consumption intensity	m^3/m^2	0.034	0.090	0.20

ESG Indicators		Unit	2020	2021	2022
B. Social					
B1. Employment					
B1.1 Total employees by gender, employment type, age group and geographical region [7]					
Total number of employees		Persons	1,848	955	614
Gender	Male	Persons	1,277	584	357
	Female	Persons	571	371	257
Employment type	Full-time	Persons	1,848	955	614
	Part-time	Persons	0	0	0
Employee category	Senior management	Persons	–	7	7
	Middle management	Persons	278	128	91
	Junior staff	Persons	1,570	820	516
Age	29 and below	Persons	333	185	87
	30-49	Persons	1,195	712	283
	50 and above	Persons	320	58	192
Geographical region	Mainland China	Persons	Not counted	953	612
	Hong Kong, Macau and Taiwan	Persons	Not counted	2	2
	Overseas	Persons	Not counted	0	0
B1.2 Employee turnover rate by gender, age group and geographical region [8]					
Total employee turnover rate		%	Not counted	31.1	35.7
Employee category	Senior management	%	Not counted	14.3	0.0
	Middle management	%	Not counted	20.3	28.9
	Junior staff	%	Not counted	32.9	37.1
Geographical region	Mainland China	%	Not counted	31.2	35.8
	Hong Kong, Macau and Taiwan	%	Not counted	0.0	0.0
	Overseas	%	Not counted	0.0	0.0
B2. Health and Safety					
B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year					
Number of work-related fatalities		Persons	0	0	0
Rate of work-related fatalities		%	0	0	0
B2.2 Lost days due to work injury					
Number of hours lost due to work injury		Hour(s)	0	0	200[4]

ESG Indicators		Unit	2020	2021	2022
B3. Development and Training					
B3.1 The percentage of employees trained by gender and employee category					
Total number of employees trained		Persons	Not counted	952	464[5]
Percentage of employees trained		%	Not counted	99.69	75.57
Gender	Male	%	77.00	99.66	77.03
	Female	%	77.00	99.73	73.54
Employee category	Senior management	%	Not counted	85.71	100
	Middle management	%	64.00	100.00	78.02
	Junior staff	%	79.00	99.76	74.81
B3.2 The average training hours completed per employee by gender and employee category					
Average training hours trained employees		Hour(s)	152	54.83	21.63
Gender	Male	Hour(s)	126	49.1	23.60
	Female	Hour(s)	114	45.4	18.76
Employee category	Senior management	Hour(s)	Not counted	16.9	1.72
	Middle management	Hour(s)	118	44.9	16.31
	Junior staff	Hour(s)	121	48.8	22.97
B5. Supply Chain Management					
B5.1 Number of suppliers by geographical region					
Total number of suppliers		No. of suppliers	Not counted	1,792	3,934
Geographical region	Mainland China	No. of suppliers	Not counted	1,771	3,911
	Hong Kong, Macau and Taiwan	No. of suppliers	Not counted	21	23
	Overseas	No. of suppliers	Not counted	0	0
B5.2 Number of suppliers where the practices are being implemented					
New product category suppliers		No. of suppliers	Not counted	175	44
New engineering suppliers		No. of suppliers	Not counted	187	2,089[6]

ESG Indicators	Unit	2020	2021	2022
B6. Product Responsibility				
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons				
Percentage of recalled or rectified residential projects	%	Not counted	0	0
B6.2 Number of products and service related complaints received				
Number of products and service related complaints received	Complaint	Not counted	481	38
B7. Anti-corruption				
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period				
Number of concluded legal cases regarding corrupt practices during the reporting period	Case	Not counted	0	0
B7.3 Anti-corruption training provided to Directors and staff				
Number of Directors and employees receiving anti-corruption training	Person	Not counted	955	614
B8. Community Investment				
B8.2 Resources contributed to the focus area				
Number of employees participating in volunteer services	Person	Not counted	700	430
Number of hours of employees participating in volunteer services	Hour	Not counted	3,000	1,950[7]

Note:

1. Environmental data within the scope of ESG reporting and the method of data collection, calculation and reporting are referred to "How to Prepare an ESG Report, Appendix 2: Reporting Guidance on Environmental KPIs" available in the website of Hong Kong Exchanges and Clearing Limited.
2. As some of the Group's subsidiaries did not start projects in 2022, no diesel was used, and there was an appropriate decrease in the use of some gasoline cars. This resulted in a decrease in direct greenhouse gas emissions.
3. The total amount of construction waste and kitchen waste used during the year was less than that in 2021, due to the disposal of the Group of Changsha Yida Intelligent Manufacturing In-dustrial Village Development Co., Ltd..
4. During the year, the Group experienced a total of 200 hours of work-related injuries or casualties during and outside office hours, resulting in a loss of 25 days and a work-related injury rate of 0.01%.
5. During the year, due to the impact of the pandemic, the Group appropriately shifted its talent focus to key business lines and key positions, for stable development in the late period. In addition, due to the pandemic, the number of the Group's offline training sessions decreased.
6. During the year, Yida Construction, the Group's subsidiary, switched to Mingyuan supplier database, thus there are more new engineering suppliers.
7. During the year, the number of employees decreased slightly, resulting in fewer volunteer service hours.

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Profile of Directors and Senior Management

Executive Directors

Mr. Jiang Xiuwen (姜修文), aged 46, was appointed as an executive Director of the Company on 16 December 2013 and the Chairman of the Board on 22 June 2018. He is the chief executive officer of the Group and also the chairman of the nomination committee and a member of the remuneration committee of the Company, responsible for the comprehensive operating management of the Group and material matters authorized by the Board. Mr. Jiang joined the Group in July 2000 and received his bachelor's degree in thermal treatment of metal from Dalian Jiaotong University (大連交通大學) in July 2000 and an executive master's degree in advanced business administration from Dalian University of Technology (大連理工大學) in July 2011. Mr. Jiang is a vice president of China Real Estate Association (中國房地產業協會), an executive director of China Society for Promotion of the Guangcai Program (中國光彩事業促進會) and a vice chairman of Dalian Federation of Industry and Commerce (大連市工商業聯合會). Mr. Jiang also won several awards, namely the "Liaoning May 1st Labour Medal" (遼寧五一勞動獎章) of the General Labor Union of Liaoning Province in 2010 and the "Model Worker" (勞動模範) by the People's Government of Liaoning Province in 2012.

Mr. Yuan Wensheng (袁文勝), aged 53, was appointed as an executive Director of the Company on 31 March 2023. From July 1995 to January 2001, Mr. Yuan worked in the international business department and trade finance department of China Construction Bank (Shandong Branch). From February 2001 to January 2002, he served as the head of trade finance in the international business department of China Merchants Bank (Jinan Branch). From February 2002 to November 2006, he served as the general manager of the international business department and market department of Shenzhen Development Bank (Jinan Branch). From December 2006 to July 2013, Mr. Yuan joined China Minsheng Bank as a senior risk management specialist (at the level of deputy general manager of the head office department), in charge of the policy and portfolio management center, industry research center, product risk management center and operational risk management center. From August 2013 to June 2017, Mr. Yuan served as the general manager of the strategic planning department of Ping An Bank Head Office. From September 2018 to January 2023, Mr. Yuan joined China Minsheng Investment Corp., Ltd. ("China Minsheng", together with its subsidiaries, "China Minsheng Group"), the controlling shareholder of the Company, and served as the deputy director of the new industry research center, the executive director of the investment management team and the deputy general manager of the asset operation center. Mr. Yuan received his bachelor's degree in electrical automation from Shandong University of Science and Technology (山東科技大學) in 1993, a bachelor's degree in international trade from Nanjing University (南京大學) in 1995, and an MBA degree from Peking University (北京大學) in 2009. Mr. Yuan is a qualified lawyer and senior economist in the PRC.

Non-Executive Directors

Mr. Lu Jianhua (盧劍華), aged 55, was appointed as a non-executive director and vice chairman of the Company on 29 September 2021. Since July 2021, Mr. Lu has been the vice president of China Minsheng Jiaye Investment Co., Ltd. (being the controlling shareholder of the Company) and a non-executive director of SRE Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1207). He was vice chairman and vice principal of Xianda College of Economics and Humanities Shanghai International Studies University from 2020 to 2021. From 2004 to 2020, he successively worked as vice president, secretary of the disciplinary committee and deputy secretary of the party committee at CITIC Pacific (China) Investment Co., Ltd.. He worked as manager of No.2 Engineering Department and deputy general manager of the subsidiary, Jiuchuang Ltd., responsible for managing general work at the construction supervisory department of the Shanghai Maglev Project* (上海磁懸浮工程) from 2000 to 2004. He successively served as deputy director in various offices and in the engineering department responsible for managing general work at the construction supervisory department of Shanghai Pudong International Airport from 1995 to 2000. From 1994 to 1995, he worked as general manager at the Shanghai Housing System Reform Office* (上海市住房制度改革辦公室). He worked at the secretariat and the administration office of the General Office of Shanghai Municipal People's Government from 1984 to 1994. Mr. Lu graduated from Shanghai Polytechnic University in computer applications profession in 1993, graduated from East China Normal University in real estate operation and management profession in 1997 and graduated from Party School of The Central Committee of Communist Party of China (*中共中央黨校函授學院) in economics and management profession (on-job postgraduate study) in 2003. Mr. Lu has extensive management experience in construction and real estate industries.

Mr. Wang Gang (王剛), aged 48, was appointed as a non-executive Director of the Company on 26 March 2018. He has been an executive president of Yida Holdings Ltd. (億達控股有限公司) and the chairman of Beijing Yida Investment Co., Ltd. (北京億達投資有限公司) since 2016. From 2015 to 2016, Mr. Wang worked at China Fortune Land Development Co., Ltd. (華夏幸福基業股份有限公司) (Shanghai stock code: 600340) as the general manager of its investment management center. From 2006 to 2015, Mr. Wang worked at the Group as the general manager of investment department. From 2002 to 2006, Mr. Wang worked at Dalian Merro Pharmaceutical Co., Ltd. (大連美羅藥業股份有限公司) (the then Shanghai stock code: 600297) as the manager of securities department and the securities representative of its board. From 1997 to 2002, Mr. Wang worked at Liaoning Machinery Import & Export Co., Ltd. (遼寧機械進出口股份有限公司) as the manager of securities department. Mr. Wang obtained his bachelor's degree in currency and banking and master's degree in business administration from Dongbei University of Finance and Economics (東北財經大學) in 1997 and 2009, respectively. Mr. Wang obtained the qualification certificate of the training for the secretary to the board of directors issued by Shanghai Stock Exchange and the securities industry qualification in Mainland China, and he was also granted the title of economist in Mainland China.

Ms. Jiang Qian (蔣倩), aged 34, was appointed as a non-executive director of the Company on 11 February 2022. In 2015, Ms. Jiang joined Zhongmin Investment Management Co., Ltd., a wholly-owned subsidiary of China Minsheng Investment Corp., Ltd. (the controlling shareholder of the Company), and is currently acting as the deputy general manager of the alternative investment department of the company. From 2012 to 2015, Ms. Jiang served as the senior project manager of the second trust and investment banking department of Hwabao Trust Co., Ltd. Ms. Jiang obtained a bachelor's degree in economics from Xi'an University of Finance and Economics in 2009 and a master's degree in finance from Fudan University in 2012. Ms. Jiang is a Chartered Financial Analyst.

Mr. Weng Xiaoquan (翁小權), aged 41, was appointed as a non-executive Director of the Company on 31 March 2023. From July 2007 to April 2010, Mr. Weng served as a senior auditor at PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所). From April 2010 to December 2014, he served as the deputy general manager of the finance department of CGN Solar Energy Development Co., Ltd.. From December 2014 to February 2017, Mr. Weng served as the general manager of the finance department of the headquarters of China Minsheng New Energy Investment Group Company Limited (中民新能投資集團有限公司) ("China Minsheng New Energy", a member of China Minsheng Group). From February 2017 to August 2018, he served as the chief financial officer of the general manager department of China Minsheng New Energy Holdings Company Limited (中民能控有限公司). In August 2018, Mr. Weng rejoined China Minsheng New Energy as general manager of investment management department, assistant to president, general manager of enterprise development department and is currently the vice president of general manager department. Since September 2022, Mr. Weng has been the deputy general manager of the financial management center of headquarters of China Minsheng. Mr. Weng received his bachelor's degree in foreign language and literature from Beijing Normal University (北京師範大學) in 2004 and master's degree in accounting from the University of International Business and Economics (對外經濟貿易大學) in 2007. Mr. Weng is a qualified intermediate accountant in the PRC.

Independent Non-Executive Directors

Mr. Yip Wai Ming (葉偉明), aged 58, was appointed as an independent non-executive Director of the Company on 1 June 2014. He is also the chairman of the audit committee and a member of the nomination committee of the Company. Mr. Yip has over 20 years of experience in accounting, capital markets and corporate finance. From 1987 to 1996, Mr. Yip worked at Ernst & Young. From 1996 to 1998, Mr. Yip served as an associate director of ING Bank N.V., where he was principally engaged in corporate finance. Mr. Yip currently serves as an independent non-executive director in a number of companies listed on the Hong Kong Stock Exchange: PAX Global Technology Limited (stock code: 0327), Ju Teng International Holdings Limited (stock code: 3336), Far East Horizon Limited (stock code: 3360), Huobi Technology Holdings Limited (stock code: 1611) and Peijia Medical Limited (stock code: 9996). Mr. Yip holds a bachelor's degree in social sciences from the University of Hong Kong and a bachelor's degree in laws from the University of London. Mr. Yip is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants and a member of the Chinese Institute of Certified Public Accountants.

Mr. Guo Shaomu (郭少牧), aged 57, was appointed as an independent non-executive Director on 1 June 2014. Mr. Guo is also a member of the audit committee and a member of the remuneration committee of the Company (appointed as the chairman of the remuneration committee on 31 March 2023). Mr. Guo has over 13 years of experience in investment banking in Hong Kong. From February 2000 to February 2001, Mr. Guo served as an associate of corporate finance of Salomon Smith Barney, an investment bank principally engaged in providing financial services (an investment banking arm of Citigroup Inc.), where he was primarily responsible for supporting the marketing and execution efforts of the China team. From March 2001 to September 2005, Mr. Guo served as an associate and an associate director of global investment banking of HSBC Investment Banking, an investment bank principally engaged in providing financial services, where he was primarily responsible for the execution of China-related transactions. From October 2005 to April 2007, Mr. Guo served as a vice president and a director of the real estate team of J.P. Morgan Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was primarily responsible for marketing efforts covering the real estate sector in China. From April 2007 to April 2013, Mr. Guo served as a director and a managing director of the real estate team of Morgan Stanley Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was one of the key members responsible for the business in the real estate sector in the Greater China region. Mr. Guo currently serves as an independent non-executive director in a number of companies listed on the Hong Kong Stock Exchange: Fantasia Holdings Group Co., Limited (stock code: 1777), Sunkwan Properties Group Limited (stock code: 6900), Ganglong China Property Group Limited (stock code: 6968) and Shanghai HeartCare Medical Technology Corporation Limited (stock code: 6609). Mr. Guo received his Bachelor's degree in electrical engineering from Zhejiang University in July 1989, a Master's degree in computer engineering from the University of Southern California in May 1993 and a Master's degree in business administration from the School of Management of Yale University in May 1998.

Mr. Han Gensheng (韓根生), aged 68, was appointed as an independent non-executive Director of the Company on 31 December 2016. He is also a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Han has extensive experience in corporate management. Mr. Han has worked in various positions since August 1978, including the director of the logistics and warehousing division of China National Chemicals Import & Export Corporation (中國化工進出口總公司), the general manager of Sinochem International Storage & Transportation Co., Ltd (中化國際儲運有限公司), vice president of America West Pacific Refinery Co., the general manager of West Rockies Inc., the general manager of refined oil division of Sinochem Group, the vice president and a party member of Sinochem Group, the general manager of Sinochem International Oil Co., Ltd. (中化國際石油有限公司), the general manager of Sinochem Petroleum Exploration and Production Co., Ltd. (中化石油勘探開發有限公司), the general manager of Sinochem Corporation (中化股份有限公司) and a director and general manager of Sinochem Europe Holdings PLC (中化歐洲集團公司). From October 2016 to October 2020, Mr. Han served as an independent non-executive director of SRE Group Limited (Hong Kong stock code: 1207). Mr. Han obtained a bachelor's degree in Ocean Transportation from Shanghai Maritime University in 1978 and had participated in one month training sessions of business administration in both the Wharton School and University of Cambridge.

Senior Management

Mr. Li Yong (李勇), aged 45, is a vice president of the Group, responsible for assisting the Chief Executive Officer in the overall management of the Group's production and operations. Mr. Li joined the Group in 2019. From 2017 to 2019, Mr. Li served as the general manager of Zhoushan and Wenzhou Branch of Evergrande Real Estate Group East China Company. From 2004 to 2017, Mr. Li served as manager of tender procurement department, director of engineering and deputy general manager of Dalian Shengbei Real Estate Co., Ltd., general manager of Dalian Lanwan Property Company Limited, cost director of Yida Development Company Limited, project general manager of Dalian Ruanjing Property Development Company Limited, and Chinese general manager of Dalian Qingyun Sky Realty and Development Company Limited. Mr. Li obtained a master's degree in engineering from Karlsruhe University of Applied Sciences in Germany in 2002 and a bachelor's degree in architectural engineering from Dalian University of Technology in 2000. Mr. Li holds the technical title of senior engineer.

Ms. Zhou Zhilan (周芝蘭), aged 45, is a vice president of the Group, responsible for the Group's financial management, accounting, taxation management and related work. Ms. Zhou joined the Group in 2001. From 2001 to 2017, she served as a manager of the finance department, general manager of the Finance Department and Chief Financial Officer of Dalian Yida Property Company Limited, Dalian Yida Property Management Company Limited, Dalian Software Park Shitong Development Company Limited and Dalian Software Park Development Company Limited, subsidiaries of the Group. From 2018 to 2021, she served as the deputy general manager of Dalian region and has served as the vice president of the Company since March 2021. Ms. Zhou graduated with a master's degree in business administration from Dongbei University of Finance and Economics (東北財經大學) in 2012 and a double bachelor's degree in statistics/economic law from Liaoning University in 2000. Ms. Zhou is an intermediate economist.

Ms. Zhang Lu (張璐), aged 40, is a vice president of the Group, responsible for the Group's internal control of the legal affairs. Ms. Zhang joined the Group in 2021. From 2017 to 2019, Ms. Zhang served as the deputy general manager in the Legal Department of Zhenro Properties Holdings Company Limited* (正榮地產控股股份有限公司). From 2013 to 2017, Ms. Zhang acted as the legal director of Shanghai Fosun High Technology (Group) Co., Ltd. From 2009 to 2013, Ms. Zhang served as a lawyer in Shanghai Allbright Law firm. From 2005 to 2009, Ms. Zhang served as the legal director of CITIC Pacific (China) Investment Co., Ltd. Ms. Zhang obtained a bachelor's degree in economic law from Shanghai University of Finance and Economics in 2005 and a master's degree in business administration from Fudan University in 2014. Ms. Zhang holds a Chinese legal professional qualification certificate.

Mr. Li Bing (李兵), aged 45, is a vice president of the Group, responsible for the Group's investment operations, investment and extension development, industry research, and brand management. Mr. Li joined the Group in 2010. From 2002 to 2010, Mr. Li served as a manager of the project development department of Rightway Real Estate Co., Ltd. (正源房地產有限公司) and director of operations of the Chongqing Branch of Rightway Real Estate Co., Ltd. Since 2010, Mr. Li has successively served as general manager of the development department of Yida Development Company Limited, vice president of Yida Technology New City Management Co., Ltd.(億達科技新城管理有限公司)and general manager of Zhengzhou Yida Technology New City Development Co., Ltd. (鄭州億達科技新城發展有限公司). Mr. Li obtained a bachelor's degree in finance from Dongbei University of Finance and Economics in 2001. Mr. Li is an intermediate economist.

Joint Company Secretaries

Mr. Sun Mingze (孫銘澤), a joint company secretary of the Company, is currently an assistant CEO. Since, joining the Group in 2013, Mr. Sun served as the general manager of the investment department of the Group and was appointed as a senior management of the Group since 2018. Mr. Sun graduated from the Acadia University in Canada majoring in Economics in 2005.

Ms. Kwong Yin Ping Yvonne (鄺燕萍), is one of joint company secretaries of the Company. She is a vice president of SWCS Corporate Services Group (Hong Kong) Limited. She holds a degree in accountancy from the Hong Kong Polytechnic University and is a fellow of the Hong Kong Institute of Chartered Secretaries and a fellow of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators). Ms. Kwong has extensive experience in providing company secretarial and compliance services to numerous private and listed companies. She is currently the named company secretary or joint company secretary of several companies listed on the Stock Exchange.

Directors' Report

The Board is pleased to present the report and audited financial statements of the Group for the year ended 31 December 2022.

Principal Activities

The Company is an investment holding company and its subsidiaries principally engage in the business of development and operation of business parks, the development and sales of multifunctional integrated residential community projects, the operation and management, construction, decoration, landscaping and the property management of business parks.

Results

The results of the Group for the year ended 31 December 2022 are set out on page 97 of this annual report.

Business review

The fair review of the Group's business, the financial key performance indicators and analysis of future development of the Group are disclosed in sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. Both sections form parts of this report.

Environmental policy and performance

The Group puts emphasis on environmental responsibility, always adheres to the concept of low carbon environmental protection, enhances its environmental protection performance through planning, construction and property management, and fulfills its commitment to environmental protection by actively implementing green construction design and adopting measures of energy saving and emission reduction during construction of buildings and throughout all aspects in property management and office operation. For details, please refer to the "Environmental, Social and Governance Report" of this annual report.

Compliance with relevant laws and regulations

The Group always operates its businesses in compliance with laws and regulations. The Group closely monitors various policies and regulations promulgated by the state from time to time, in particular those in land, credit and tax associated with the production and operations of the Group, and adapts to the economic trend and the changes in the orientation of policies and regulations.

Major risks and uncertainties

The Group is mainly exposed to risks and uncertainties arising from the changes of its own operations and industry environment. Risks from own operations include cross-regional operations risk, vacant land risk, construction quality risk and human resources management risk. Risks from the industry environment include risk arising from the fluctuation of the macro economy and the industry cycle, risk of increase in costs of land, raw materials and labour, risk of changes in financial policies, risk of changes in land policies and risk of changes in tax policies.

Relationships with major stakeholders

The Group encourages the participation of stakeholders, keeps in touch with stakeholders by different means and coordinates the opinions and requirements from different stakeholders.

The Group regularly submits documents to the relevant regulatory authority, or receives its inspection from time to time to meet the requirements of the regulatory authority. In addition, the regulatory authority will investigate the Group's projects through investors, customers and suppliers and strengthen the mutual communication.

Employees Diversity

The Group encourages gender diversity across its workplace. To achieve diversity at workforce level (including senior management), the Group has put in place appropriate recruitment and selection practices such that a diverse range of candidates with different age, gender and experiences are considered. As at 31 December 2022, the Company has a ratio of 58:42 males to females across its workforce. The Board considers that gender diversity in respect of both the Board and the workforce (including senior management) has been achieved. The Group has also established talent management and training programs to provide career development guidance and promotion opportunities to develop a broad and diverse pool of skilled and experienced employees.

Dividends

The Board does not recommend any payment of final dividend for the year ended 31 December 2022.

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividends.

AGM and Closure of Register of Members

The Company will further determine the date, time and place of the forthcoming annual general meeting of the Company (the "**AGM**") and the relevant period of closure of register of members. Notice convening the AGM will be published and despatched in the manner prescribed by the Listing Rules and the Article of Association in due course.

Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 183 of this annual report.

Property, Plant and Equipment and Investment Properties

The details of changes of the property, plant and equipment and investment properties of the Company and the Group during the Year are set out in notes 15 and 16 to the consolidated financial statements of the Group, respectively. Further details of the Group's major investment properties are set out on page 9 of this annual report.

Borrowings

Details of borrowings are set out in note 30 to the financial statements of the Group.

Reserves

The changes of reserves of the Group during the Year are set out in the consolidated statement of changes in equity and note 34 to the financial statements of the Group.

Distributable Reserves

As at 31 December 2022, the available distributable reserves of the Company was approximately RMB1,288,734,000.

Donations

The donations made by the Group during the Year was approximately RMB0.

Pension Scheme

Employees in the Group's PRC subsidiaries are required to participate in a central pension scheme operated by the local municipal government. The Group's PRC subsidiaries are required to contribute certain percentages of their payroll costs to the scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme. As at 31 December 2022, no forfeited contributions were available to reduce the existing level of contributions payable by the Group.

Major Customers and Suppliers

For the year ended 31 December 2022, the sales attributable to the Group's five largest customers was less than 30 % of the Group's total sales for the same period, while the aggregate purchases attributable to the Group's five largest suppliers was less than 30 % of the Group's total purchases for the same period. None of the Directors, their close associates or any shareholder (who to the knowledge of the Directors owns more than 5% of the share capital of the Company) had any interest in the share capital of any of the five largest customers and suppliers of the Group for the year ended 31 December 2022.

Share Capital

The details of the changes in the share capital of the Company during the Year are set out in note 33 to the financial statements of the Group.

Purchases, Sale or Redemption of Listed Securities of the Company

During the Year, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Debentures of the Company

References are made to the Company's announcements dated 7 February 2022, 17 February 2022, 21 March 2022, 30 June 2022, 3 October 2022, 14 November 2022 and 3 January 2023.

On 17 April 2017, the Company issued the US$300,000,000, 6.95% senior notes due 19 April 2020 (the "**2020 Notes**").

On 27 March 2020, the Company issued US$224,899,000 senior notes due 27 March 2022 (the "**2022 Notes**") pursuant to the Exchange Offer and Consent Solicitation of the holders of the 2020 Notes. The 2022 Notes are listed on the Singapore Exchange Securities Trading Limited.

On 25 February 2021, the Company sought the consent of the bond holders for certain proposed waivers and proposed amendments under the 2022 Note Deed. Completion took place on 8 March 2021,

On 7 February 2022, the Company entered into the solicitation of consents (the "**Consent Solicitation**") in relation to the proposed waivers of certain defaults under the indenture (as supplemented or amended, the "**Indenture**") of the 2022 Notes and the 2022 Notes and the proposed amendments to the Indenture. Completion of the Consent Solicitation took place on 16 February 2022, which mainly included (i) the waiver of events of default relating to the failure to pay the outstanding principal amount and interest (including default interest) under the Indenture, and other payment defaults under other indebtedness and the waiver of other consequential breaches and defaults arising from such events of default; (ii) the extension of the maturity date of the 2022 Notes to 30 April 2025 and the amendment to the repayment schedule for the outstanding principal amount of the 2022 Notes; and (iii) the change in the interest rate of the 2022 Notes to 6.0% per annum and the default rate was changed to 2.0% per annum over the new interest rate and the interest payment dates were changed to 30 April and 30 October each year.

Due to unfavorable factors in the macro economy, real estate market and financial environment, and multiple rounds of pandemic, the Company did not pay the consent fee which shall be paid to Senior Notes holders in the amount of US$3,450,000, US$3,450,000, US$5,734,470 and US$3,450,000 on 30 June 2022, 30 September 2022, 30 October 2022 and 31 December 2022 respectively pursuant to the terms of the Indenture. Such non-payment may lead to Senior Notes holders demanding for acceleration of repayment. As at the date of this annual report, the Company has not received any notice regarding acceleration action by Senior Notes holders.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in the paragraph headed "Connected Transactions-Major And Exempted Connected Transaction in Relation to the Disposal of the 70% Equity Interest in a Subsidiary" below, the Company has no other significant investments or material acquisitions and disposal of subsidiaries, associates and joint ventures during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Company did not have other plans for material investments or capital assets as at the date of this annual report.

Litigation and Arbitration

On 23 October 2017, certain subsidiaries of the Company (collectively, the "**Respondents**") received an arbitration notice from the Hong Kong International Arbitration Centre in respect of the submission of arbitration applications by the joint venture partners of the Group (the "**Aetos Parties**") relating to the put price of the put options pursuant to certain agreements entered into between the Respondents, and the Aetos Parties.

On 20 October 2020, the Hong Kong International Arbitration Centre issued a final award (the "**Final Award**"). The arbitral tribunal ordered that the Respondents shall pay the full put option price of USD108 million to the Aetos Parties together with USD84 million being interest accrued up to the date of the Final Award, as well as the Aetos Parties' legal costs and expenses. Upon receipt of such amounts, the Aetos Parties shall transfer the equity interest of the Aetos Parties in the relevant joint ventures to the relevant Respondents.

On 4 March 2021, the Respondents and the Aetos Parties entered into the settlement agreement (the "**Settlement Agreement**"). The Respondents acknowledged that they are indebted to the Aetos Parties for approximately USD209 million (the "**Total Payment Obligation**") according to the Final Award. It is further agreed that the amount payable by the Respondents would be reduced to USD175 million, and paid to the Aetos Parties in accordance with the payment time and amount stipulated in the Settlement Agreement.

For details, please refer to the announcements of the Company dated 25 February 2021 and 5 March 2021.

As at the date of this annual report, the Respondents have not fulfilled all payment obligations pursuant to the Settlement Agreement. The Respondents and the Aetos Parties maintained communication and will reach an agreement in relation to the performance and arrangement of the Settlement Agreement as soon as practically possible.

Pre-Emptive Rights

There are no provisions for pre-emptive rights over shares of the Company under the Company's Articles of Association (the "**Articles of Association**") or the laws of Cayman Islands where the Company is incorporated.

Professional Tax Advice Recommended

If shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult a professional adviser.

Permitted Indemnity Provision

The Articles of Association provide that each Director, secretary or other senior officer of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which any of them may incur or sustain in or about the execution of the duties in their respective offices. The Company has taken out and maintained appropriate insurance to cover potential legal actions against its Directors. Save as disclosed in this report, the Company has not come into any permitted indemnity provision with the Directors.

Equity-linked Agreements

Save for the Company's share option scheme as disclosed below, during the year ended 31 December 2022, no equity-linked agreements were entered into by the Company or subsisted at the end of the year.

Share Option Scheme

The Company adopted a share option scheme on 1 June 2014 (the "**Share Option Scheme**"). During the period from the date of adoption to 31 December 2022, no share options have been granted under the Share Option Scheme.

The following is a summary of the principal terms of the Share Option Scheme:

1. Purpose of the Share Option Scheme:

The Share Option Scheme is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph 2 below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

(ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the Share Option Scheme:

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and

(iii) any advisers, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

3. **Maximum number of Shares which may be issued under the Share Option Scheme and percentage of issued share capital:**

As at 31 December 2022, no share option has been granted under the Share Option Scheme.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not in aggregate exceed 258,000,000 Shares, representing approximately 9.98% of the total number of issued Shares as at the date of this report.

4. **Maximum entitlement of each participant under the Share Option Scheme:**

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers and terms of the options to be granted (and options previously granted to such participant) and the information as required under Rules 17.02(2)(d) of the Listing Rules; and

(ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her associates (as defined in the Listing Rules) abstaining from voting.

5. **The period within which the option must be exercised under the Share Option Scheme:**

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the Share Option Scheme.

6. **The exercising conditions of the options:**

The Board may, at its discretion, determine such conditions to which the options shall be subject in the grant letter (including, without limitation, any minimum period for which an option must be held before it can be exercised, any vesting period and/or any performance targets which must be achieved before an option can be exercised).

7. **Amount payable and payment term on application or acceptance of the option:**

Upon acceptance of the option, the grantee shall pay HK$1 to the Company as consideration for the grant. The grantee may send a written notice to the Company stating the exercise of options and the number of shares involved, and such written notice shall be accompanied by the amount of the total exercise price for the Shares. Within 21 days after receipt of the notice and the amount, the Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee share certificates in respect of the Shares so allotted.

8. **The basis of determining the exercise price:**

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of options, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of options; and (iii) the nominal value of a Share.

9. The remaining life of the Share Option Scheme:

Subject to the earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption (i.e. expiring on 31 May 2024). The remaining life of the Share Option Scheme is approximately 1 year and 1 month.

10. Number of Options available for grant under the Share Option Scheme

The number of options available for grant under the Share Option Scheme as at 1 January 2022 and 31 December 2022 were 258,000,000 and 258,000,000, respectively.

Directors and Directors' Service Contracts

The Directors during the year and up to the date of this annual report are:

Executive Directors

Mr. Jiang Xiuwen *(Chairman and Chief Executive Officer)*
Mr. Yuan Wensheng *(appointed on 31 March 2023)*

Non-Executive Directors

Mr. Lu Jianhua *(Vice chairman)*
Mr. Wang Gang
Mr. Cheng Xuezhi *(resigned on 11 February 2022)*
Mr. Ni Jie *(resigned on 31 March 2023)*
Ms. Jiang Qian *(appointed on 11 February 2022)*
Mr. Weng Xiaoquan *(appointed on 31 March 2023)*

Independent Non-Executive Directors

Mr. Yip Wai Ming
Mr. Guo Shaomu
Mr. Wang Yinping *(resigned on 31 March 2023)*
Mr. Han Gensheng

Mr. Jiang Xiuwen, an executive Director, has entered into a service contract with the Company for a term of three years commencing from 1 June 2020. Mr Yuan Wensheng, an executive Director, has entered into a service contract with the Company for a term of three years commencing from 31 March 2023. Mr. Lu Jianhua, a non-executive Director, has entered into a letter of appointment with the Company for a term of three years commencing from 29 September 2021. Mr. Wang Gang, a non-executive Director, has entered into a letter of appointment with the Company for a term of three years commencing from 26 March 2021. Ms. Jiang Qian, being the non-executive Director, has entered into a letter of appointment with the Company for a term of three years commencing from 11 February 2022. Mr. Weng Xiaoquan, a non-executive Director, has entered into a letter of appointment with the Company for a term of three years commencing from 31 March 2023. Independent non-executive Directors Mr. Yip Wai Ming and Mr. Guo Shaomu have entered into a letter of appointment with the Company for a term of three years commencing from 27 June 2020. Mr. Han Gensheng, an independent non-executive Directors, has entered into a letter of appointment with the Company for a term of three years commencing from 31 December 2022. None of the Directors, including Directors being proposed for re-election at the forthcoming annual general meeting, has a service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payments of compensation other than statutory compensation.

In accordance with Article 83(3) and 84(1)(2) of the Articles of Association, Mr. Yuan Wensheng, Mr. Weng Xiaoquan, Ms. Jiang Qian, Mr. Yip Wai Ming and Mr. Guo Shaomu shall retire and being eligible, intend to offer themselves for re-election at the AGM.

Remuneration of Directors and Five Highest Paid Individuals

The remuneration of the Directors are decided by the Board with reference to the recommendation given by the remuneration committee of the Company (the "**Remuneration Committee**"), having regard to their skills and knowledge, their job responsibilities, level of their involvement in the Group's affairs, their individual performance and comparable market statistics. For the year ended 31 December 2022, the details of the remuneration of the directors and five highest paid individuals of the Group are set out in notes 9 and 10 to the financial statements of the Group, respectively.

Directors' Interests in Contracts of Significance

Save as those transactions disclosed in the paragraph headed "Related Party Transactions" below, no transaction, arrangement or contracts of significance in relation to the Group's business to which the Company, any of its subsidiary, or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year.

Directors' Interests in a Competing Business

As at 31 December 2022, none of the Directors had interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Controlling Shareholders' Interests in Contract of Significance

Save as disclosed in the section headed "Connected Transactions" below, there was no contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a controlling shareholder had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year, and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries was entered into during the Year or subsisted at the end of the Year.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

Connected Transactions

Major And Exempted Connected Transaction in Relation to the Disposal of the 70% Equity Interest in a Subsidiary

On 6 September 2022, Dalian Yida Management Consultancy Company Limited, a wholly-owned subsidiary of the Company (the "**Vendor**"), Changsha Zhenwang Investment Development Co., Ltd. (the "**Purchaser**") and Changsha Yida Intelligent Manufacturing Industrial Town Development Co., Ltd. (the "**Target Company**") entered into an equity transfer agreement, pursuant to which the Vendor disposed of the 70% equity interest held by the Vendor in the Target Company to the Purchaser at a consideration of RMB84,569,500 (the "**Disposal**"). Upon the completion of the Disposal on 29 September 2022, the Company no longer held any equity interest in the Target Company and the Target Company was no longer a subsidiary of the Company.

As one or more of the applicable percentage ratios in respect of the Disposal are more than 25% but all of which are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Purchaser is a substantial shareholder of a subsidiary of the Company. Accordingly, it is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. As (i) the Board has approved the Disposal; and (ii) the independent non-executive Directors have confirmed that the terms of the Disposal are on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

For details, please refer to the announcements of the Company dated 6 September 2022, 14 September 2022 and 28 September 2022 and the circular dated 26 October 2022.

Loan agreement

On 3 December 2019, Dalian Shengyue Property Development Company Limited, a wholly-owned subsidiary of the Company (the "**Borrower**") entered into the loan agreement (the "**Loan Agreement**") with Shanghai Jiayu Medical Investment Management Co., Ltd. (the "**Lender**") pursuant to which the Lender agreed to provide the loan of up to RMB288,500,000 in three tranches, bearing interest rate of 8% per annum. The Group also entered into the pledge agreement and the guarantee agreement in favor of the Lender as security for the loan. For details, please refer to the announcements of the Company dated 3 December 2019 and 15 January 2020, and the circular on 30 December 2019.

On 4 February 2020, the Borrower drew down the first tranche loan of RMB230,000,000 (the "**First Tranche Loan**") under the Loan Agreement was drawn down by the Borrower. Out of the First Tranche Loan, the term for RMB22,000,000 (the "**Relevant Portion of the First Tranche Loan**") shall end on or before 18 February 2020.

On 18 February 2020, the Borrower entered into the first extension agreement (the "**First Extension Agreement**") with the Lender, extending the repayment date for the Relevant Portion of the First Tranche Loan to 30 June 2020, or two working days after the Borrower has obtained other alternative financing in the amount equivalent to the Relevant Portion of the First Tranche Loan (whichever is earlier), with all other terms in the Loan Agreement remaining valid and in force. For details, please refer to the announcement dated 18 February 2020

On 9 June 2020, the Borrower and the Lender entered into the second extension agreement (the "**Second Extension Agreement**") in order to extend the repayment date of the First Tranche Loan of RMB230,000,000 to 31 March 2021 and revised the loan amount by taking into account the unpaid interests charged on the First Tranche Loan. All other terms in the Loan Agreement shall remain valid and in force. For details, please refer to the announcement of the Company dated 9 June 2020.

On 11 March 2021, the Borrower and the Lender entered into the third extension agreement (the "**Third Extension Agreement**") in order to extend the repayment date to 31 October 2021 and revised the loan amount by taking into account the unpaid interests charged on the First Tranche Loan. All other terms in the Loan Agreement shall remain valid and in force. For details, please refer to the announcements of the Company dated 11 March 2021 and the circular dated 30 April 2021.

On 31 March 2022, the Borrower and the Lender entered into the Fourth Extension Agreement (the "**Fourth Extension Agreement**") in order to extend the repayment date to 30 June 2023, and revised the loan interest rate from 8% to 6% per annum and all other terms of the Loan Agreement remained valid. For details, please refer to the announcements of the Company dated 31 March 2022 and the circular of the Company dated 19 May 2022.

The Lender is a direct wholly owned subsidiary of China Minsheng Jiaye Investment Co., Ltd, the controlling shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules and the transactions under the Loan Agreement, the First Extension Agreement, the Second Extension Agreement, the third Extension Agreement and the fourth Extension Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for the year ended 31 December 2022.

Related Party Transactions

During the year ended 31 December 2022, the Group entered into transactions with related parties as disclosed in notes to the consolidated financial statements of the Group. The transactions set out in note 40(a) Related Party Transactions do not constitute connected transactions of the Group, and the transactions set out in note 40(b) constitute fully exempt connected transactions of the Group, for all of which the applicable requirements under the Listing Rules have been duly complied with.

Directors' and Chief Executives' Interests and Short Positions in the Shares and Underlying Shares or Debentures of the Company or Any of its Associated Corporations

As at 31 December 2022, the interests and short positions of each of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as contained in Appendix 10 to the Listing Rules were as follows:

(I) Interest in the shares and underlying shares of the Company

Name of Director	Capacity/Nature of interest	Number of shares held[1]	Approximate percentage in the Company's issued share capital
Mr. Jiang Xiuwen	Interest of a controlled corporation	68,600,000 (L)[2]	2.65%
Mr. Wang Gang	Interest of a controlled corporation	69,200,000 (L)[3]	2.68%

Notes:

(1) The letter "L" denotes the person's long position in such securities.

(2) Mr. Jiang Xiuwen beneficially owns the entire issued share capital of Grace Excellence Limited, Everest Everlasting Limited and Wonderful High Limited, which, in total own 74.21% of the issued share capital of Keen High Keen Source Limited. Keen High Keen Source Limited owns 2.65% of the issued share capital of the Company. By virtue of the SFO, Mr. Jiang Xiuwen is deemed to be interested in the Shares held by Keen High Keen Source Limited.

(3) Mr. Wang Gang beneficially owns the entire issued share capital of Mighty Equity Limited, which in turn owns 100% of the issued share capital of Grace Sky Harmony Limited. Grace Sky Harmony Limited owns 2.68% of the issued share capital of the Company. By virtue of the SFO, Mr. Wang Gang is deemed to be interested in the Shares held by Grace Sky Harmony Limited.

(II) Interest in associated corporations of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares[1]	Percentage of the issued share capital of that associated corporation held
Mr. Jiang Xiuwen	Keen High Keen Source Limited	Interest of a controlled corporation	5,180 (L)[2]	74.21%

Notes:

(1) The letter "L" denotes the person's long position in such securities.

(2) These shares held by Grace Excellence Limited with 3,000 shares, Everest Everlasting Limited with 180 shares and Wonderful High Limited with 2,000 shares, which are wholly owned by Mr. Jiang Xiuwen.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 December 2022, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of shares held[1]	Approximate percentage in the Company's issued share capital
Jiayou (International) Investment Limited[2] [3]	Beneficial owner	1,581,485,750 (L)	61.20%
Jiahuang (Holdings) Investment Limited[2]	Interest of corporation controlled by the substantial shareholder	1,581,485,750 (L)	61.20%
Shanghai Pinzui Enterprise Management Ltd.[2]	Interest of corporation controlled by the substantial shareholder	1,581,485,750 (L)	61.20%
China Minsheng Jiaye Investment Co., Ltd.[2]	Interest of corporation controlled by the substantial shareholder	1,581,485,750 (L)	61.20%
China Minsheng Investment Corp., Ltd.[2]	Interest of corporation controlled by the substantial shareholder	1,581,485,750 (L)	61.20%
Yeung Mei Lee	Joint and several receivers	516,764,000	19.99%
Chen Mingxiao	Joint and several receivers	516,764,000	19.99%
Sun Yinhuan[4]	Founder of a discretionary trust	241,400,000 (L)	9.34%
TMF (Cayman) Ltd.[4]	Trustee	241,400,000 (L)	9.34%
Right Ying Holdings Limited[4]	Interest of controlled corporation	241,400,000 (L)	9.34%
Right Won Management Limited[4]	Beneficial owner	241,400,000 (L)	9.34%

Notes:

(1) The letter "L" denotes the person's long position in such securities.

(2) China Minsheng Investment Corp., Ltd ("**China Minsheng**") owns 67.26% share equity of China Minsheng Jiaye Investment Co., Ltd ("**CMIG Jiaye**"). Shanghai Pinzui Enterprise Management Ltd. ("**Pinzui**") is beneficially owned by CMIG Jiaye. Jiahuang (Holdings) Investment Limited ("**Jiahuang**") is beneficially wholly-owned by Pinzui. Jiayou (International) Investment Limited ("**Jiayou**") is beneficially wholly-owned by Jiahuang. By virtue of the SFO, China Minsheng, CMIG Jiaye, Pinzui and Jiahuang are deemed to hold equity in 1,581,485,750 shares held by Jiayou.

(3) Jiayou charged 516,764,000 Charged Shares in favour of the Aetos Parties. On 11 May 2022, Mr. Chen Mingxiao (Jason Chen) and Ms. Yeung Mei Lee (Kitty Yeung) were appointed as the joint and several Receivers of Charged Shares.

(4) The entire issued share capital of Right Won Management Limited is held by TMF (Cayman) Ltd. (as the trustee of The Right Ying Trust) through Right Ying Holdings Limited. The entire issued share capital of Right Ying Holdings Limited is held by TMF Cayman Ltd. The Right Ying Trust is a discretionary trust established by Mr. Sun Yinhuan on 14 November 2018. The beneficiaries of The Right Ying Trust include Mr. Sun Yinhuan and certain of his family members.

Save as disclosed above, as at 31 December 2022, there was no other person, other than a Director or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Adequacy of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2022 and up to the date of this annual report, the Company has maintained a sufficient public float of at least 25% of the total number of issued Shares as required under the Listing Rules.

Disclosure Pursuant to Rule 13.21 of the Listing Rules

Breach of significant loan agreements

Reference is made to the announcements of the Company dated 10 April 2019, 22 April 2019, 10 June 2019, 23 February 2020, 23 April 2020, 5 March 2021, 4 May 2021 and 30 June 2022, the interim reports of the Company for the six months ended 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022, and the annual reports of the Company for the years ended 31 December 2019, 31 December 2020 and 31 December 2021.

1. In April 2019, China Minsheng, the controlling shareholder of the Company, had faced liquidity difficulties and which technically resulted in the occurrence of certain triggering events under certain loan agreements entered into by the Group.

2. In February 2020, Mr. Chen Donghui, a previous executive Director, was detained by the authorities of the PRC. It has further resulted in the occurrence of certain triggering events under certain loan agreements.

3. On 17 April 2017, the Company issued the 2020 Notes. The remaining outstanding principal amount of USD52,854,000 was due on 20 April 2020, and the Company had repaid in full on 24 April 2020 and the delay in payment has constituted an event of default. The Company was required to repay the principal amount of USD22,500,000 (together with the accrued interest) of the 2022 Notes on 16 April 2021, and the Company had repaid in full on 4 May 2021 and the delay in payment has constituted an event of default. The Company was required to repay the principal amount of USD22,500,000 (together with the accrued interest), semi-annual interest and the principal amount of USD45,000,000 (together with the accrued interest) of the 2022 Notes on 27 August 2021, 27 September 2021 and 27 December 2021, respectively, and the Company's failure to make such payments constituted an event of default. Pursuant to the Consent Solicitation completed on 16 February 2022, among other things, the aforesaid events of defaults were waived. The Non-payment and Non-Payment of Related Interest constituted events of default.

4. According to the Final Award issued by the Hong Kong International Arbitration Centre dated 20 October 2020, the Obligors were required to pay the put option price and interest to Aetos Parties. The failure to comply with the Final Award within 90 days resulted in a technical default on the 2022 Notes. In March 2021, the Settlement Agreement was entered into and the investors of the 2022 Notes have agreed to exempt the breach of contract. According to the payment schedule and the entitled grace period of ten days in the Settlement Agreement, USD50,000,000 (together with the accrued interests) shall be paid before 10 May 2021, which was repaid in full on 24 May 2021. On 26 May 2021, Aetos Parties provided a written confirmation that the delay in payment will not give rise to an event of default. According to the payment schedule and the entitled grace period of ten days in the Settlement Agreement, USD50,000,000 shall be paid before 10 June 2021 and USD40,000,000 (together with the accrued interests) shall be paid before 10 October 2021. As at 31 December 2022, the payable balance with interest accrued thereon to Aetos Parties amounted to RMB1,066,980,000. The Group has been actively negotiating with the Aetos Parties.

5. Since 2020, the Group failed to pay principals, interests and consent fees of certain borrowings according to their schedules payment dates (the "**Borrowings Overdue**"). As at 31 December 2022, borrowings with the carrying amount of RMB3,772,064,000 remained unsettled, out of which RMB500,000,000 have been subsequently extended up to the date of this annual report. Subsequent to 31 December 2022, other than the Borrowings Overdue, the Group failed to pay interests of certain borrowings with the carrying amount of RMB28,240,000 in total according to their scheduled payment dates.

The aforementioned events of default resulted in certain other borrowings of the Group (other than the Borrowings Overdue) amounted to RMB7,630,600,000 in total as at 31 December 2022 becoming immediately repayable if requested by the lenders.

Specific performance of the controlling shareholder

References are made to the announcement of the Company dated 5 March 2021, the interim reports of the Company for the six months ended 30 June 2021 and 30 June 2022 and the annual report of the Company for the year ended 31 December 2021. Pursuant to the Settlement Agreement as disclosed under the section headed "Litigation and Arbitration" in this annual report, China Minsheng Investment Corp., Ltd. or its subsidiaries are required to be the beneficial owner of 35% or more of the total outstanding Shares of the Company (the "**Change of Control**"), failing which the outstanding balance of the Total Payment Obligation, together with accrued interest and all other amounts accrued or outstanding will be due and payable on the thirtieth day following the Change of Control. For details, please refer to the announcement of the Company dated 5 March 2021.

Pledging of shares by the controlling shareholder

On 11 March 2021, Jiayou (International) Investment Limited executed the Company Share Charge approximately 19.99% in favour of the Aetos Parties, as security for the payment obligation of the Yida Parties under the Settlement Agreement. For details, please refer to the announcements of the Company dated 5 March 2021 and 11 March 2021.

On 12 May 2022, the Company received a letter regarding the appointment of the joint and several receivers over 516,764,000 Shares (representing approximately 19.99% of the total issued shares of the Company) under the terms of the Company Share Charge on 11 March 2021, which stated that Jiayou shall no longer have any power or authority to deal with the Charged Shares nor exercise any rights attached to or in relation to the Charged Shares unless prior consent or authorization is given by the receivers. For details, please refer to the announcement of the Company dated 13 May 2022. The Group has proposed settlement plans to and has been actively negotiating with the Aetos Parties.

Details of the Disclaimer Opinion and Management's view

In relation to the disclaimer of opinion (the "**Disclaimer Opinion**") issued by the auditor of the Company, PricewaterhouseCoopers (the "**Auditor**") as detailed in Note 2.1(c) of the notes to the consolidated financial statements ("**Note 2.1(c)**"), the Directors are aware of that the Group might have financial uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the Board and the management of the Group (the "**Management**") have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. In order to mitigate the liquidity pressure and improve the financial position of the Group and to remediate the overdue repayments to the lenders, the Management has also formulated plans and measures to address the Disclaimer Opinion (the "**Plans and Measures**"). The Management has considered the Group's cash flow projection (the "**Cash Flow Forecast**") which covered a period of not less than twelve months from 31 December 2022 and which has taken into account the Plans and Measures in assessing the sufficiency of the Group's working capital requirements. After making due and careful enquiries and having performed sufficient work to assess the Group's future liquidity and having considered the Plans and Measures, the Management considered that the Group will have sufficient financial sources to continue as a going concern (the "**Going Concern Assumption**"). However, as the Plans and Measures are still ongoing, the successful implementation of these are subject to multiple significant uncertainties, as described in Note 2.1(c), which are crucial to the Going Concern Assumption. In this respect, the Directors agreed with the Auditor to issue the Disclaimer Opinion as disclosed in this annual report.

Steps taken by the Company since the publication of the annual results for the year ended 31 December 2021 (the "2021 Annual Results")

Since the publication of the 2021 Annual Results, the Directors have formulated plans and measures in order to mitigate the liquidity pressure and improve the financial position of the Group and to remediate the overdue repayments to the lenders. Details and progress of such plans and measures are as follows:

1. The Aetos Parties Matter

During the Year, the Company has proposed to the Aetos Parties a debt restructuring plan (the "**Restructuring Plan**") and has been actively negotiating with the Aetos Parties to reach consensus on the Restructuring Plan. The Restructuring Plan aims to settle the outstanding amounts owed to the Aetos Parties by transferring certain assets of the Group. The Aetos Parties have conducted due diligence over the Group's assets. Unfortunately, due to the downturn of the real estate industry and the effect of the resurgence of the COVID-19 epidemic which subsisted during the Year, the execution of the Restructuring Plan could not proceed. During the negotiation, the Aetos Parties also offered a discounted settlement proposal to the Group, although it was not mutually agreed in the end. However, the Group considers that it has made progress as the above actions reflected the willingness of both parties to arrive at a mutually agreeable settlement plan. The Group is actively negotiating with the Aetos Parties and as of the date of this report, the Aetos Parties have not presented a winding-up petition to the court.

2. The Borrowings Overdue

As at 31 December 2022, the Borrowings Overdue amounted to RMB3,772,064,000 as compared with RMB2,154,149,000 as at 31 December 2021. During the Year, the Group has been actively communicating with the financial institutions in relation to the repayment plan of the Borrowings Overdue and none of the lenders had exercised their rights to demand the Group's immediate repayment of the Borrowings Overdue. As at 31 December 2021, borrowings with the original maturity before 31 December 2022 amounted to RMB6,867,815,000. During the Year, the Group was able to renew or extend RMB6,014,889,000 of such borrowings. In addition to that, the Group was also able to renew or extend borrowings of RMB1,451,000,000 with original maturity by 31 December 2022. Moreover, as at 31 December 2022, among the borrowings from financial institutions of RMB10,859,206,000, borrowings of RMB9,333,914,000 were secured with assets, which provide security to the lenders. To alleviate the pressure faced by the Group, subsequent to 31 December 2021 and up to the date of this report, the Group has also successfully negotiated with certain financial institutions for a reduction of interest rates from 6% or above to 4% with respect to loans amounting to RMB4,375,040,000.

3. Net current liabilities

During the Year, the Group has formulated plans to accelerate sales collection, maintain a continuing and normal business relationship with major constructors and suppliers, control administrative costs and capital expenditures, dispose of its assets, and look for cooperation opportunities in project companies. The Group had ongoing commercial negotiations with multiple prospective purchasers for assets located in Dalian, Changsha, Shenyang, and other regions. With the downturn of the real estate industry and the effect of the resurgence of the COVID-19 epidemic, the disposals did not proceed as planned. Nevertheless, during the Year, the Group has successfully disposed of its interests in a subsidiary for a cash consideration of RMB84,569,500, all of which has been received as of the date of this report. For details in relation to the disposal, please refer to the announcement of the Company dated 6 September 2022 and the circular of the Company dated 26 October 2022.

Plans and Measures to address the Disclaimer Opinion

Set out below is the latest progress of the Plans and Measures:

1. The Aetos Parties Matter

The Group has been actively negotiating with Aetos Parties. Up to the date of this annual report, the Aetos Parties have not presented a winding-up petition to the court. The Group has maintained active communication with the Aetos Parties and will provide them with updates on the financial and operation position of the Group from time to time. Meanwhile, the Group will also continue to explore other possible settlement plans. The Directors are confident that the Group will reach a final settlement agreement with the Aetos Parties in due course and Aetos Parties will not exercise their rights to present a winding-up petition to the court.

2. The Borrowings Overdue

The Group has been actively negotiating with all the lenders for renewal and extension for repayments and/or reduction of interest rate of the Borrowings Overdue. While certain lenders of the overdue borrowings preliminarily intended to renew or extend the respective Borrowings Overdue, no formal agreement has been reached yet. The Directors are confident that such lenders will not exercise their rights to demand the Group's immediate repayment of the borrowings and the Group will reach final agreements with such lenders in due course.

3. Net current liabilities

With regard to the net current liabilities of the Group:

(i) *extension of short-term loans:* the Group has also been conducting negotiations with relevant banks and financial institutions on renewal and extension for existing borrowings with scheduled repayment dates within one year. The Directors believe that, given the Group's long-term relationship with the banks and financial institutions and the availability of the Group's properties as collateral for the borrowings, the Group will be able to renew or extend existing borrowings with scheduled repayment dates within one year as and when needed;

(ii) *accelerating sales collection:* the Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of sales proceeds;

(iii) *cost control and continued cooperation with business partners:* the Group will strive to maintain a continuing and normal business relationship with major constructors and suppliers to agree the payment arrangements with them and to complete the construction progress as scheduled. The Group will also continue to take active measures to control administrative costs and capital expenditures; and

(iv) *disposal of assets:* the Group will also explore opportunities to dispose of certain assets to third parties or local government at reasonable prices to generate cash inflows and mitigate its liquidity pressure.

The Group has maintained active communication with other relevant lenders in respect of the Borrowings Overdue, the Aetos Parties Matter and other matters which triggered default or cross default terms of their respective borrowing agreements. As the Group's operation remains normal and the Group has been generating net cash inflow from its operation, it is confident to convince the relevant lenders not to exercise their rights to demand the Group's immediate repayment of the borrowings prior to their scheduled contractual repayment dates.

The Directors are taking appropriate measures to address the concern on the Group's liquidity and strive to successfully implement the Plans and Measures as soon as practicable. The Directors will continuously work with the Auditor to address the Disclaimer Opinion as soon as practicable.

Auditor's view on the Disclaimer Opinion

The Auditor is of the view that (i) any future modification of the auditor's report due to multiple uncertainties relating to going concern would depend on new events and/or future developments in relation to the Company's actions taken and proposed actions to be taken to address the the multiple material uncertainties as described in Note 2.1(c); and (ii) new events and/or future developments in relation to such actions taken and proposed actions to be taken may affect the assessment on adoption of going concern basis for preparation of the consolidated financial statements for the year ending 31 December 2023. Thus, it would not be possible for the Auditor to definitively conclude at this point in time on whether the Disclaimer Opinion due to multiple uncertainties relating to going concern would have been addressed in respect of the consolidated financial statements for the year ending 31 December 2023.

Nevertheless, the Auditor does not disagree that the Company's actions taken and proposed actions to be taken to address the multiple material uncertainties in relation to the Company's capability to continue as a going concern, if successfully implemented, would help to mitigate these uncertainties.

Audit Committee's view on the Disclaimer Opinion

The Audit Committee has reviewed the Company's annual results for the year ended 31 December 2022 and this annual report. In particular, the Audit Committee has critically reviewed the Disclaimer Opinion, the Cash Flow Forecast and the Plans and Measures. The Audit Committee also had discussions with the Auditor regarding the Disclaimer Opinion, by which it considered and agreed the basis for arriving at the Disclaimer Opinion.

Based on the Plans and Measures formulated by the Directors to ease the Group's liquidity pressure and the steps taken by the Company since the publication of the 2021 Annual Results, the Audit Committee concurs with the management's position concerning their judgment in major areas including the Going Concern Assumption on the basis that (i) the Company's has taken or proposed to take actions to address the Disclaimer Opinion; (ii) the management has been and is still actively negotiating the restructuring or extension of the Group's debts; and (iii) neither the Company nor any of its operating subsidiaries is the subject of any winding-up proceedings. The Audit Committee also considers that the management should implement the Plans and Measures with the intention of mitigating the Group's liquidity pressure and removing the Disclaimer Opinion, and report to the Audit Committee any material issues affecting the Group's going concern on a timely basis.

Auditor

The financial statements have been audited by the Company's auditor, PricewaterhouseCoopers.

By order of the Board
Yida China Holdings Limited
Jiang Xiuwen
Chairman and Chief Executive Officer

Hong Kong, 31 March 2023

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2022.

The Company recognizes the value and importance of achieving high corporate governance standards to enhance corporate performance and accountability. The Board will strive to uphold the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders of the Company.

Throughout the Year, the Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules in force.

The Board is of the view that, during the Year, except for the deviation from code provision C.2.1 of the CG Code, the Company has applied the principles of good corporate governance and complied with the code provisions as set out in Part 2 of the CG Code.

(A) The Board of Directors

Board Composition

During the Year and up to the date of this annual report, the Board consisted of Mr. Jiang Xiuwen (Chairman and Chief Executive Officer) and Mr. Yuan Wensheng (appointed on 31 March 2023) as the executive Directors; Mr. Lu Jianhua (Vice Chairman), Mr. Wang Gang, Mr. Cheng Xuezhi (resigned on 11 February 2022), Mr. Ni Jie (resigned on 31 March 2023), Ms. Jiang Qian (appointed on 11 February 2022) and Mr. Weng Xiaoquan (appointed on 31 March 2023) as non-executive Directors; Mr. Yip Wai Ming, Mr. Guo Shaomu, Mr. Wang Yinping (resigned on 31 March 2023) and Mr. Han Gensheng as the independent non-executive Directors. The biographical details of the Directors as at the date of this report are set out in the section headed "Profile of Directors and Senior Management" of this annual report. The overall management of the Company's operation is vested in the Board. Saved as disclosed in this annual report, to the knowledge of the Company, the Board members have no financial, business, family or other material relationship with each other.

Board's Responsibilities

The Board takes on the responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior management. The Board has established three Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. All relevant terms of reference are published on the websites of the Stock Exchange and the Company. All Directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the best interests of the Company and its shareholders at all times.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

Delegation by the Board

The management, consisting of the Company's executive Directors along with other senior management officers, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day operations of the Group. Executive Directors and senior management officers meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the Year. The Company has also established written guidelines on no less exacting terms than the Model Code (the "**Employees Written Guidelines**") for securities transactions by the relevant employees, including the Directors, who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by any employees was noted by the Company.

Chairman and Chief Executive Officer

Pursuant to the code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Pursuant to the code provision C.2.4 of the CG Code, the chairman plays a leadership role in the Board and is responsible for the management and functioning of the Board. The chairman is also responsible for the formulation of the Group's strategic vision, direction and objectives as well as participating in the Group's strategic and key operational decision-making process. The chairman is also responsible for establishing good corporate governance practices and procedures for the Company. On the other hand, the chief executive officer primarily focuses on developing and implementing objectives and policies approved and delegated by the Board. The chief executive officer is also responsible for the Group's day-to-day management and operations and the formulation of the organization structure, control systems and internal procedures and processes of the Company for the Board's approval. Mr. Jiang Xiuwen, the chief executive officer of the Company, was appointed as the chairman of the Company on 22 June 2018 and is responsible for overseeing the operations of the Group. The Board has considered the merits of separating the roles of the chairman and chief executive offer but is of the view that it is in the best interests of the Company to vest the two roles in Mr. Jiang Xiuwen. The Board considers vesting the two roles in Mr. Jiang Xiuwen will ensure the Company is under a consistent leadership and facilitates the implementation and execution of the Group's business strategies currently and in the foreseeable future. The Board will nevertheless review the structure from time to time in light of the prevailing circumstances.

Independent Non-Executive Directors

During the Year, the Board at all times met the requirements of the Listing Rules and the Company appointed four independent non-executive Directors, which is more than one-third of the Board, of which Mr. Yip Wai Ming, an independent non-executive Director, possessed appropriate professional qualifications, accounting and related financial management expertise.

The Company has also received an annual written confirmation from each of the independent non-executive Directors in respect of their independence in accordance with the requirement under Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

All independent non-executive Directors of the Company possess extensive industry expertise, professional and management experience. They play a significant role in the Board by virtue of their independent judgment. They advise on the Company's strategies, performance and control. They are also members of various Board committees and devote sufficient amount of time and attention to the affairs of the Company.

Mechanisms for the Board to obtain independent views and opinions

The Company ensures the strong independence of the Board and a sound mechanism to assist the Board in obtaining independent views and opinions, so that the Board can effectively make independent judgments and improve the accountability and transparency of the Board to better protect the interests of shareholders. The specific mechanisms include that the appointment of independent non-executive Director shall be subject to the procedures and requirements of the nomination procedures of the Company, the Listing Rules and the regulatory requirements on the independence, qualifications and number of Directors and the diversity of the Board, and that its independence shall be reported to and confirmed in writing by the Company. The Nomination Committee assesses the independence of all independent non-executive Directors annually and confirms that each independent non-executive Director complies with the independence standards set out in the Listing Rules, and each member of the Nomination Committee shall refrain from assessing their own independence. The Company encourages Directors to independently contact and consult with the senior management of the Company. Directors of the Company are entitled to seek independent professional advice when performing their duties when necessary, and the costs shall be borne by the Company. Each independent non-executive Director shall notify the Company as soon as possible in case of any change in their personal information which may affect their independence. The Board has reviewed and considered that the mechanisms are effective in ensuring that independent views and input are provided to the Board during the year ended 31 December 2022.

Board Meetings and General Meetings

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. Pursuant to the code provision C.5.1 of the CG Code, during the Year, the Company held six Board meetings. All Directors participated in the Board meetings. The attendance record of the Directors in the Board meetings are set out in the section headed "Meeting Attendance" in this annual report.

At least 14 days' notice will be given for a regular Board meeting. All Directors are provided with relevant materials relating to the matters in issue in advance before the meetings and have the opportunity to include matters in the agenda for Board meetings.

Directors can separately get access to the senior management and the company secretary at all time and may seek independent professional advice at the Company's expense. Pursuant to code provisions C.5.4 and C.5.5 of the CG Code, minutes of Board meetings and meetings of Board committees are kept by the company secretary of the meeting and such minutes are open for inspection at any reasonable time on reasonable notice by any Director. Minutes of Board meetings and meetings of Board committees record in sufficient detail the matters considered by the Board and decisions reached.

Pursuant to code provision C.5.7 of the CG Code, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would not be dealt with by way of circulation of resolutions or by a committee (except an appropriate Board committee set up for that purpose pursuant to a resolution passed in a Board meeting) but a formal Board meeting would be held. Executive Directors and independent non-executive Directors who have no material conflict of interest in the transaction would be present at such Board meeting.

The Board procedures are in compliance with the articles of association (the "**Articles**") of the Company, as well as relevant rules and regulations. During the Year, the Company held an extraordinary general meeting and an annual general meeting on 21 June 2022, respectively.

Appointment, Re-election and Removal of Directors

The procedures of appointment, re-election and removal of Directors are set out in the Articles of the Company. The nomination committee of the Company (the "**Nomination Committee**") is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract or a letter of appointment with the Company for a term of three years and subject to his/her re-election by the Company at an annual general meeting upon retirement. The Articles provide that any Director appointed by the Board to fill a casual vacancy in the Board, or any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting. In accordance with the Articles, at every annual general meeting of the Company, one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and being eligible offer themselves for re-election.

In accordance with Article 83(3) and 84(1)(2) of the Articles, Mr. Yuan Wensheng, Mr. Weng Xiaoquan, Ms. Jiang Qian, Mr. Yip Wai Ming and Mr. Guo Shaomu shall retire by rotation, and being eligible, intend to offer themselves for re-election as Directors at the AGM.

Induction and Continuing Development for Directors

Each newly appointed director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Directors are continually provided with information related to the latest developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Relevant training such as continuing briefing and professional development for Directors were also arranged by the Company and its legal adviser.

During the Year, all of the Directors, namely, Mr. Jiang Xiuwen, Mr. Lu Jianhua, Mr. Wang Gang, Mr. Cheng Xuezhi (resigned on 11 February 2022), Mr. Ni Jie, Ms. Jiang Qian, Mr. Yip Wai Ming, Mr. Guo Shaomu, Mr. Wang Yinping and Mr. Han Gensheng have complied with code provision C.1.4 of the CG Code and participated in continuous professional development including attended a training course organized by the Company for Directors to update the Directors on the new amendments to the relevant code and the related Listing Rules. Some Directors also attended seminars, conferences and/or forums and read newspapers, journals, Company newsletters and updates relating to the economy, general business, real estate or Directors' duties and responsibilities, etc.

Board Diversity Policy

The Board adopted a board diversity policy (the "**Board Diversity Policy**") setting out the approach to achieve diversity on the Board. In designing the Board's composition, the Company considered diversity of the Board members from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. With regard to gender diversity on the Board, we recognize the particular importance of gender diversity. As at 31 December 2022, the Board comprises one female Director and eight male Directors. The Board targeted to maintain at least the current level of approximately 10% female representative in the Board. The Board will continue to take opportunities to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for Board appointments. Going forward and with a view to developing a pipeline of potential successors to the Board that may meet the gender diversity ratio target of having at least one female seat on the Board, the Company will (i) continue to make appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of the Group by recruiting staff with different gender; (iii) consider the possibility of nominating female management staff who has the necessary skills and experience to the Board; and (iv) provide career development opportunities and more resources in training female staff with the aim of promoting them to the senior management or Board so that the Board will have a pipeline of female senior management and potential successors to the Board in a few years' time.

Board Committees

The Board has established three committees, namely, the Nomination Committee, the Remuneration Committee and the audit committee of the Company (the "**Audit Committee**"), for overseeing particular aspects of the Board and the Group's affairs. All Board committees are established with defined written terms of reference which are available to shareholders on the Company's website and the website of the Stock Exchange. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Nomination Committee

The Nomination Committee of the Company is established with written terms of reference in compliance with Rule 3.27A of the Listing Rules and code provision B.3 of the CG Code. During the Year, the Nomination Committee was comprised of one executive director and three independent non-executive directors, namely Mr. Jiang Xiuwen as the chairman, and Mr. Yip Wai Ming, Mr. Wang Yinping and Mr. Han Gensheng as members.

The Nomination Committee is primarily responsible for recommending to the Board suitably qualified persons to become the member of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required as well as assessing the independence of each independent Director. Its written terms of reference cover recommendations to the Board on the appointment, succession or removal of Directors, evaluation of Board composition and the management of Board succession. The written terms of reference of the committee are in line with the provisions of the CG Code. During the Year, the Nomination Committee convened a meeting on 11 February 2022 to discuss the change of Directors. The Nomination Committee convened a meeting on 31 March 2022 to discuss the structure, size and composition of the Board, assess the independence of each independent non-executive Director, make recommendations to the Board on the re-appointment of Directors, review the policy on the Board Diversity Policy and measurable objectives for implementing such Board Diversity Policy, and review the nomination policy of the Company.

As set out in the nomination policy adopted by the Board pursuant to the CG Code, in assessing the suitability of a proposed candidate, the following factors would be considered by the Nomination Committee:

- Reputation for integrity
- Accomplishment and experience
- Compliance with legal and regulatory requirements
- Commitment in respect of available time and relevant interest
- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

As set out in the nomination policy, the nomination procedure is as follows:

(1) The secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.

(2) For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

(3) Pursuant to the articles of association of the Company, a member (duly qualified to attend and vote at the meeting) who wish to recommend a candidate for election to the office of director at any general meeting must submit a signed written notice, for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company, provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

(4) A candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.

(5) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

To ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance, selection of candidates is based on a range of diversified perspectives: nine Directors aged between 34 and 68; one is female and in terms of academic qualifications, there are seven masters and two bachelors.

Audit Committee

The Audit Committee of the Company is established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provisions D.3 of the CG Code. During the Year, the Audit Committee is comprised of all independent non-executive Directors. Mr. Yip Wai Ming is the chairman and Mr. Guo Shaomu, Mr. Wang Yinping and Mr. Han Gensheng are members. The Group's accounting principles and practices, financial statements and related materials for the year ended 31 December 2022 had been reviewed by the committee.

The primary duties of the Audit Committee include, but are not limited to: (i) reviewing and monitoring the relationship of the external auditors and the Group, particularly the independence, objectivity and effectiveness of the external auditors; (ii) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group; (iii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iv) developing, reviewing and monitoring our policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; (v) reviewing the financial statements of the Company including the completeness of the annual and interim reports as well as ensuring compliance with accounting standards and reviewing significant adjustments resulting from audit; and (vi) developing, reviewing and monitoring the code of conduct applicable to our employees and Directors. The written terms of reference of the committee are in line with the provisions of the code.

During the Year, the Audit Committee convened a meeting on 31 March 2022 to review the Company's annual report for the year ended 31 December 2021, and convened a meeting on 25 August 2022 to review the Company's interim report for the six months ended 30 June 2022.

Remuneration Committee

The Remuneration Committee of the Company is established with written terms of reference in compliance with Rule E.1 of the CG Code. During the Year, the Remuneration Committee is comprised of three independent non-executive Directors and one executive Director. The committee comprised Mr. Wang Yinping as the chairman and Mr. Jiang Xiuwen, Mr. Guo Shaomu and Mr. Han Gensheng as members.

The primary duties of the Remuneration Committee include, but are not limited to: (i) making recommendations to the Board on the Group's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives and ensuring that it is consistent with contractual terms and are reasonable and appropriate; (iii) determining the terms of the remuneration package of our Directors and senior management with reference to their time commitment and responsibilities, and employment condition in the Group, and comparable companies and (iv) reviewing and/or approving matters related to the share scheme under Chapter 17 of the Listing Rules. The written terms of reference of the committee are in line with the provisions of the CG Code.

During the Year, the Remuneration Committee convened a meeting on 11 February, 2022 to discuss the appointment of Directors and convened a meeting on 31 March 2022 to discuss the reasonableness matters related to the remuneration of the Directors and senior management.

Details of the remuneration of the Directors are set out in the section headed "Directors' Report – Remuneration of Directors and Five Highest Paid Individuals" and note 9 and note 10 to the financial statements. There was no arrangement under which the Directors waived or agreed to waive any remuneration during the Year. As at 31 December 2022, the emolument paid to 4 senior management members of the Company fall within the following categories:

Emolument bands (in HK dollar)	Number of individuals
HK$1,000,001 – HK$1,500,000	3
HK$1,500,001 – HK$2,000,000	1

Meeting Attendance

The attendance of Directors at Board meetings, meetings of the Board committees and general meetings during the Year, as well as the number of such meetings held, are set out as follows:

Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	General meetings
Executive Directors					
Jiang Xiuwen	6/6		2/2	2/2	2/2
Non-executive Directors					
Lu Jianhua	6/6				2/2
Wang Gang	6/6				2/2
Cheng Xuezhi (1)	2/2				0/0
Ni Jie	6/6				2/2
Jiang Qian (2)	4/4				2/2
Independent Non-executive Directors					
Yip Wai Ming	6/6	2/2	2/2		2/2
Guo Shaomu	6/6	2/2		2/2	2/2
Wang Yinping	6/6	2/2	2/2	2/2	2/2
Han Gensheng	6/6	2/2	2/2	2/2	2/2

(1) Mr. Cheng Xuezhi resigned on 11 February 2022.

(2) Ms. Jiang Qian was appointed on 11 February 2022.

Company Secretary

Mr. Sun Mingze, the full-time employee of the Company, was the joint company secretary of the Company. Ms. Kwong Yin Ping Yvonne is an external joint company secretary and assists Mr. Sun to discharge the functions. During the Year, two of them have confirmed that they have complied with Rule 3.29 of the Listing Rules.

The major contact person of the Company is Mr. Sun Mingze, the joint company secretary.

(B) Financial Reporting and Internal Control

Financial Reporting

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2022, and for ensuring the financial statements are published in a timely manner.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

Pursuant to the code provision D.1.1 of the CG Code, the senior management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

The working scope and reporting responsibilities of PricewaterhouseCoopers, the Company's external auditor, are set out on page 95 of the "Independent Auditor's Report" in this annual report.

In preparing the financial statements for the year ended 31 December 2022, the Directors have selected suitable accounting policies and applied them consistently, approved adoption of all applicable Hong Kong Financial Reporting Standards in effect, made judgments and estimates that are appropriate, and prepared the financial statements on a going concern basis. The Directors are aware of that the Group might have financial uncertainties which may cast significant doubt on the Group's ability to continue as a going concern as set out in the Disclaimer Opinion. For details, please refer to the section headed "Details of the Disclaimer Opinion and Management's View" in this annual report.

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about its reporting responsibilities for the financial statements is set out under the section headed "Independent Auditor's Report" in this annual report.

The external auditor of the Company will be invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor's independence.

During the Year, the remuneration paid to the external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2022 amounted to approximately RMB4,100,000 and RMB258,000, respectively. The non-audit services include the work in relation to circular and tax consultant services.

There has been no change in the auditors of the Company in any of the preceding three years.

Risk Management and Internal Control

In order to standardise its business management, effectively prevent and properly deal with various types of risks (including ESG risks), the Company focuses on sorting out problems that may affect its normal operations, including business operations, investment projects and financing, establishes a risk account, evaluates risks and classifies them according to high, medium and low levels (for medium and high level risks, the Company formulates remedial measures and designates relevant responsible personnels), strengthens risk monitoring, provides early warning and takes timely reports and countermeasures. In case of risk events, litigation and arbitration cases and other unexpected events, the handling company or department shall immediately report to the risk control department of the Company and the management of the Company when the matter is known or confirmed. The legal affairs and risk control department of the Company shall assist in the remedial actions to resolve such risks in accordance with laws and regulations and the Company's policies, and significant decisions shall be reported to the Board for decision-making and action plans in accordance with authorization and procedures.

The Company's risk management and internal control management system is implemented from three aspects: the organisational structure, system and process. With the goal of ensuring operation, compliance management, and risk prevention and control, the organizational risks are under the unified management of the risk management personnels, whereas major risks, major cases and major operation matters are managed by the legal affairs and risk control department in a centralized manner, so as to achieve overall consideration, co-ordination and concentration of strengths, and to ensure compliance in the prevention and control of major matters.

The Board conducts a review of the effectiveness of the risk management and internal control systems of the Group at least annually. The review covers the financial, operational compliance and risk management aspects (including ESG risks) of the Group. The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness at least annually. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board is responsible for maintaining an adequate risk management and internal control systems to safeguard shareholders' investments and the Group's assets, and reviewing the effectiveness of such on an annual basis through the Audit Committee. In addition to the external audit, the Company has established an internal audit department to conduct regular audits for the Company and its subsidiaries, whether the financial, operational and other functional systems are complete, the compliance of the system implementation, the performance of senior employees, and report to the Board and make suggestions. The work of the internal audit department will ensure the proper operation and effective implementation of the risk management and internal control systems as planned; protect the Group's assets from unauthorized misappropriation or disposal; ensure compliance with relevant laws, regulations and internal policies and procedures.

During the Year, the Board has conducted a review of the effectiveness of the risk management (including ESG risks) and internal control systems of the Company covering all material controls, including financial, operational and compliance control. It has also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions. No significant control failings or weaknesses had been identified during the Year. The Board considers that the existing risk management (including ESG risks) and internal control systems are reasonably effective and adequate.

The Company has established an internal official information system to ensure that one or more Directors and senior officers are informed of and able to identify and assess the Company's important information or transactions, and communicate the progress of the matters and circumstances to the Board in a timely manner so that the Board can determine whether to make disclosures. For the Company to perform its obligations to disclose inside information about material changes in its financial position, business performance or the prospect of its business performance, the Company's financial controller ensures timely reporting to the Directors, and the Directors ensure that such financial and operational data are communicated to the Board in a timely manner.

Further, the Company has developed its disclosure policy which provides a general guide to the directors, senior management and relevant employees of the Company in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

(C) Anti-Corruption and Whistle-blowing Policies

The Group persists in clean operations and regards good corporate governance as an important cornerstone for the sustainable development of the Company. The Group requires its employees to hold to a high standard of integrity and ethical conduct, and strictly prohibits any corruption and fraud. We strictly comply with the laws and regulations relating to bribery, extortion, fraud and money laundering. All employees of the Group should take the initiative to avoid any conflict of interest or abuse of position or power in the Group for personal gain.

The Company also has a whistle-blowing policy that serves the purpose of establishing whistle-blowing procedures for employees and other relevant external parties of our Company, in order to report and escalate any suspicious misconducts. In accordance with the policy, we protect all whistle-blowers from any kind of retaliation. All the information provided by the whistle-blowers will be strictly confidential.

(D) Dividend Policy

The Board proposes dividends based on the Company's financial performance, shareholders' interests, the Company's business conditions and strategies, capital requirements, tax considerations, contractual, statutory and regulatory restrictions, and other factors as the Board considers relevant. Payment of dividends to the shareholders of the Company may be announced at the general meetings from time to time, but the amount of dividends shall not exceed the amount proposed by the Board.

(E) Communications with Shareholders and Investors

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

To promote effective communication, the Company maintains a website at www.yidachina.com, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

In addition, the Company has also established and maintained various channels of communication with the Company's shareholders and the public to ensure that they are kept abreast of the Company's latest news and business development. Information relating to the Company's financial results, corporate details, property projects and major events are disseminated through publications of interim and annual reports, announcements, circulars, press release and newsletters. The Company is committed to maintaining a high level of corporate transparency and disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner.

Having considered the multiple channels of communication in place as described above, the Company considers the implementation of the shareholders' communication policy during 2022 was effective.

(F) Constitutional Documents

On 19 May 2022, the Board of Directors of the Company proposed to amend the Articles of Association of the Company in order to (i) reflect and conform the new requirements under the amendments to the Listing Rules with effect from 1 January 2022; (ii) enable the Company to convene and hold electronic or hybrid general meetings and provide flexibility to the Company in relation to the conduct of general meetings; (iii) reflect other relevant requirements of the Listing Rules and the Cayman Islands company law; and (iv) make other consequential, tidy-up and housekeeping amendments (the "**Proposed Amendments**"). In light of the number of the Proposed Amendments, the Board proposed to adopt an amended and restated Articles (the "**New Articles**") in substitution for, and to the exclusion of, the existing Articles. On 21 June 2022, the Proposed Amendments and the proposed adoption of the New Articles were approved by way of special resolution at the annual general meeting of the Company. For details, please refer to the announcement and circular of the Company dated 19 May 2022 and the announcement dated 21 June 2022.

The New Articles has been published at the website of the Company and the website of Hong Kong Exchanges and Clearing Limited and are available for access.

(G) General Meetings and Shareholders' Rights

If shareholders have any enquiries about their shareholdings and entitlements to dividend, they can contact Computershare Hong Kong Investor Services Limited, the share registrar and transfer office of the Company, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Shareholders who wish to put enquiries to the Board can send their enquiries to the company secretary at the Company's principal place of business in Hong Kong who will ensure these enquiries to be properly directed to the Board. Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

Pursuant to the code provisions of the CG Code, to safeguard shareholders' interests and rights, in respect of each substantially separate issue at a general meeting, a separate resolution would be proposed by the chairman of that meeting. The chairman of the Board should attend the Company's annual general meetings and arrange for the chairman of the Audit, Remuneration and Nomination Committees or in the absence of the chairman of such committees, another member of the committee, to be available to answer questions at the Company's annual general meetings. The Company would arrange for the notice to shareholders to be sent in the case of an annual general meeting not less than 21 clear days and to be sent not less than 14 clear days in the case of all other general meetings. The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and then answer any questions from shareholders regarding voting by way of a poll.

Pursuant to article 58 of the Articles of Association, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying rights of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the matters specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders who wish to put forward proposals at general meetings may follow article 58 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 58 of the Articles of Association of the Company are set out above.

As at the date of this annual report, based on information publicly available to the Company and to the knowledge of the Directors, the Company had a diversified shareholding structure and had maintained sufficient public float as required under the Listing Rules.

羅兵咸永道

To the Shareholders of Yida China Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Yida China Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 97 to 182, which comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

As described in note 2.1(c) to the consolidated financial statements, the Group's current liabilities exceeded its current assets by RMB8,938,449,000 as at 31 December 2022. At the same date, its current borrowings amounted to RMB12,050,826,000 while its cash and cash equivalents amounted to RMB127,519,000 only. The Group failed to pay principals, interests and consent fees of certain borrowings according to their scheduled repayment dates (the "**Borrowings Overdue**"), and borrowings with the carrying amount of RMB3,772,064,000 remained unsettled as at 31 December 2022, out of which RMB500,000,000 have been subsequently extended up to the date of this report although the extended borrowing agreements contain terms that cause such borrowings to be subject to immediate repayment if requested by the lenders. Subsequent to 31 December 2022, other than the Borrowings Overdue, the Group failed to pay interests of certain borrowings with the carrying amount of RMB28,240,000 in total according to their scheduled payment dates. In addition, the Group failed to settle a payable with interest accrued thereon to certain parties (the "**Aetos Parties**") amounted to RMB1,066,980,000 as at 31 December 2022, while the Aetos Parties formally demanded the Group several times to settle the unpaid balance or otherwise a winding-up petition may be presented to the court (the "**Aetos Parties Matter**"). The Borrowings Overdue and the Aetos Parties Matter, together with other matters described in note 2.1(c), constituted events of default and resulted in certain other borrowings of the Group (other than the Borrowings Overdue) amounted to RMB7,630,600,000 in total as at 31 December 2022 becoming immediately repayable if requested by the lenders. These events or conditions, along with other matters as set forth in note 2.1(c) to the consolidated financial statements, indicate that material multiple uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been formulating a number of plans and measures to mitigate the liquidity pressure, to improve the financial position of the Group, and to remediate the delayed repayments to financial institutions, which are set out in note 2.1(c) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) the successful and timely negotiation with Aetos Parties to reach a final settlement agreement so that they will not present a winding-up petition to the court, and the successful compliance with the terms and obligations under the final settlement agreement by the Group; (ii) the successful negotiations with the Group's existing lenders in respect of the borrowings that were either overdue or otherwise in default, so that the relevant lenders will not exercise their contractual rights to demand immediate repayment of the relevant overdue or defaulted borrowings; (iii) the successful renewal or extension for existing borrowings with scheduled repayment dates within one year as and when needed; (iv) the successful and timely implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties, speed up the collection of sales proceeds, maintenance of a continuing and normal business relationship with major constructors and suppliers to agree the payment arrangements with them and to complete the construction progress as scheduled, and control costs and contain capital expenditure so as to generate adequate net cash inflows; and (v) the successful implementation of the Group's preliminary intention to dispose certain assets at reasonable prices, and timely collection of the proceeds.

As a result of these multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. We report solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements due to the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in this independent auditor's report is Lee Chung Bor.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2023

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Continuing operations			
Revenue	5	**4,532,923**	5,395,065
Cost of sales	8	**(3,472,507)**	(3,761,063)
Gross profit		**1,060,416**	1,634,002
Other income	6	**9,251**	18,307
Fair value losses on investment properties	16	**(37,624)**	(117,238)
Impairment losses on financial and contract assets	43	**(44,767)**	(15,947)
Other losses – net	7	**(272,071)**	(473,900)
Selling and marketing expenses	8	**(118,694)**	(220,957)
Administrative expenses	8	**(238,248)**	(341,198)
Finance costs – net	11	**(581,088)**	(821,294)
Share of net (loss)/profit of joint ventures and associates	19, 20	**(87,755)**	90,953
Loss before income tax		**(310,580)**	(247,272)
Income tax expenses	12	**(425,913)**	(620,694)
Loss from continuing operations		**(736,493)**	(867,966)
Profit from discontinued operation (attributable to equity holders of the Company)	27	–	890,156
(Loss)/profit for the year		**(736,493)**	22,190
Attributable to:			
Owners of the Company		**(736,773)**	2,934
Non-controlling interests		**280**	19,256
		(736,493)	22,190
Losses per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic and diluted (RMB per share)	14	**(28.51) cents**	(34.34) cents
(Losses)/earnings per share attributable to ordinary equity holders of the Company			
Basic and diluted (RMB per share)	14	**(28.51) cents**	0.11 cents

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
(Loss)/profit for the year	**(736,493)**	22,190
Other comprehensive income	**–**	–
Total comprehensive (loss)/income for the year	**(736,493)**	22,190
Attributable to:		
Owners of the Company	**(736,773)**	2,934
Non-controlling interests	**280**	19,256
	(736,493)	22,190
Total comprehensive (loss)/income for the year attributable to owners of the Company arises from:		
Continuing operations	**(736,493)**	(867,966)
Discontinued operations	**–**	890,156

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment	15	**76,573**	86,421
Investment properties	16	**18,002,005**	18,662,149
Investments in joint ventures	19	**697,591**	798,438
Investments in associates	20	**4,785**	4,785
Prepayments for acquisition of land		**3,254,839**	3,153,481
Prepayments and other receivables	25	**629,749**	518,886
Intangible assets	18	**19,486**	21,770
Deferred tax assets	32	**460,001**	380,535
Total non-current assets		**23,145,029**	23,626,465
Current assets			
Inventories		**194,354**	85,380
Land held for development for sale	17	**761,226**	938,059
Properties under development	21	**7,924,222**	8,901,556
Completed properties held for sale	22	**4,939,106**	6,154,363
Prepayments for acquisition of land		**–**	24,867
Contract assets	23	**149,554**	121,020
Trade receivables	24	**384,820**	545,628
Prepayments, deposits and other receivables	25	**1,484,998**	1,677,286
Prepaid corporate income tax		**103,385**	127,177
Prepaid land appreciation tax		**238,570**	247,429
Restricted cash	26	**231,281**	330,685
Cash and cash equivalents	26	**127,519**	443,200
Total current assets		**16,539,035**	19,596,650
Total assets		**39,684,064**	43,223,115

Consolidated Statement of Financial Position (continued)

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current liabilities			
Interest-bearing bank and other borrowings	30	–	2,040,200
Deferred tax liabilities	32	**2,766,331**	2,851,617
Lease liabilities	15,16,18	**34,572**	37,975
Other non-current liabilities		–	26,945
Total non-current liabilities		**2,800,903**	4,956,737
Current liabilities			
Contract liabilities	5	**3,531,627**	5,802,521
Trade payables	28	**3,619,919**	4,067,022
Other payables and accruals	29	**3,638,425**	3,113,910
Interest-bearing bank and other borrowings	30	**12,050,826**	10,870,260
Corporate income tax payable		**1,027,661**	945,035
Provision for land appreciation tax	31	**1,598,861**	1,252,425
Lease liabilities	15,16,18	**10,165**	14,464
Total current liabilities		**25,477,484**	26,065,637
Total liabilities		**28,278,387**	31,022,374
Equity			
Equity attributable to owners of the Company			
Issued capital	33	**159,418**	159,418
Reserves	34	**11,136,317**	11,873,090
		11,295,735	12,032,508
Non-controlling interests		**109,942**	168,233
Total equity		**11,405,677**	12,200,741
Net current liabilities		**(8,938,449)**	(6,468,987)
Total assets less current liabilities		**14,206,580**	17,157,478

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Jiang Xiuwen
Director

Lu Jianhua
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company						
	Issued capital RMB'000	Share premium RMB'000 (note 34)	Other reserves RMB'000 (note 34)	Retained profits RMB'000 (note 34)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022	**159,418**	**1,288,734**	**1,186,584**	**9,397,772**	**12,032,508**	**168,233**	**12,200,741**
Comprehensive income							
Loss for the year	–	–	–	(736,773)	(736,773)	280	(736,493)
Total comprehensive income for the year	–	–	–	(736,773)	(736,773)	280	(736,493)
Transactions with owners							
Decrease of non-controlling interests in connection with disposal of subsidiaries	–	–	–	–	–	(58,571)	(58,571)
Appropriation to surplus reserve	–	–	24,425	(24,425)	–	–	–
Balance at 31 December 2022	**159,418**	**1,288,734**	**1,211,009**	**8,636,574**	**11,295,735**	**109,942**	**11,405,677**

	Attributable to owners of the Company						
	Issued capital RMB'000	Share premium RMB'000 (note 34)	Other reserves RMB'000 (note 34)	Retained profits RMB'000 (note 34)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2021	159,418	1,288,734	1,105,924	9,475,498	12,029,574	282,208	12,311,782
Comprehensive income							
Profit for the year	–	–	–	2,934	2,934	19,256	22,190
Total comprehensive income for the year	–	–	–	2,934	2,934	19,256	22,190
Transactions with owners							
Decrease of non-controlling interests in connection with loss of control over subsidiaries	–	–	–	–	–	(133,231)	(133,231)
Appropriation to surplus reserve	–	–	80,660	(80,660)	–	–	–
Balance at 31 December 2021	159,418	1,288,734	1,186,584	9,397,772	12,032,508	168,233	12,200,741

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Profit before income tax from			
Continuing operations		**(310,580)**	(247,272)
Discontinued operations		**–**	1,012,751
(Loss)/profit before income tax including discontinued operations		**(310,580)**	765,479
Adjustments for:			
Depreciation		**26,634**	35,555
Amortisation of intangible assets		**6,902**	16,569
Net losses/(gains) on disposal of items of property, plant and equipment		**715**	(3,395)
Fair value losses on investment properties	16	**37,624**	117,238
Share of profits and losses of joint ventures and associates		**87,755**	(91,002)
Losses in connection with disposal of subsidiaries and a joint venture		**52,095**	443,985
Gains arising from disposal of Yida Property Service	27	**–**	(1,013,847)
Fair value gains on financial assets at fair value through profit or loss		**–**	(3)
Finance costs – net	11	**581,088**	821,294
Interest income	6	**(3,287)**	(5,276)
Write-down of properties under development and completed properties held for sale	8	**25,510**	1,558
Net impairment losses on financial and contact assets		**44,767**	15,947
Others		**211,316**	(91,736)
		760,539	1,012,366
Increase in inventories		**(108,974)**	(65,327)
Increase in properties under development		**(549,369)**	(1,326,675)
Decrease in completed properties held for sale		**2,266,517**	2,177,826
Increase in land held for development for sale		**–**	(2,388)
(Increase)/decrease in prepayments for acquisition of land		**(8)**	851
Increase in contract assets		**(28,564)**	(27,176)
Decrease/(increase) in trade receivables		**68,414**	(15,853)
Decrease/(increase) in prepayments, deposits and other receivables		**50,487**	(285,931)
(Decrease)/increase in trade payables		**(159,472)**	421,119
Increase in other payables and accruals		**290,700**	333,876
(Decrease)/increase in contract liabilities		**(1,877,850)**	65,508
Increase in other non-current liabilities		**–**	2,347
Cash generated from operations		**712,420**	2,290,543
Interest received		**3,286**	5,320
PRC corporate income tax paid		**(88,856)**	(160,520)
PRC land appreciation tax paid		**(36,318)**	(88,599)
Net cash flows from operating activities		**590,532**	2,046,744

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Cash flows from investing activities			
(Increase)/decrease in amounts due from joint ventures and associates		**(2,039)**	2,582
Purchases of property, plant and equipment		**(13,978)**	(21,276)
Purchases of intangible assets		**(4,618)**	(13,954)
(Investment in)/proceeds from disposal of joint ventures		**(7,149)**	498,969
Net payment for acquisition of subsidiaries		**(5,012)**	(584,780)
Additions to investment properties		**1,100**	(13,715)
Proceeds from disposal of intangible assets		**–**	2,020
Net payment for loss of control over subsidiaries		**–**	(240)
Net proceeds from disposal of subsidiaries		**45,601**	37,695
Net proceeds from disposal of Yida Property Service	27	**–**	986,029
Proceeds from disposal of items of property, plant and equipment		**4,564**	3,183
Decrease in restricted cash		**99,404**	671,866
Dividends received		**20,241**	3,013
Proceeds from financial assets at fair value through profit or loss		**–**	5,003
Net cash generated from investing activities		**138,114**	1,576,395
Cash flows from financing activities			
Decrease in amounts due to non-controlling interests		**–**	(20,230)
Interest paid		**(652,445)**	(1,251,731)
Principal elements of lease payments		**(16,830)**	(24,521)
Proceeds of bank and other borrowings		**3,636,520**	902,517
Repayment of bank and other borrowings		**(4,011,572)**	(3,358,211)
Net cash used in financing activities		**(1,044,327)**	(3,752,176)
Net decrease in cash and cash equivalents		**(315,681)**	(129,037)
Cash and cash equivalents at beginning of year	26	**443,200**	572,237
Cash and cash equivalents at end of year			
Representing cash and bank balances	26	**127,519**	443,200
Cash flows of discontinued operation	27		

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Corporate and group information

Yida China Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 26 November 2007 as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. During the year ended 31 December 2022, the Company and its subsidiaries (collectively referred to as the "**Group**") were principally involved in property development, property investment, business park operation and management, property construction, decoration and landscaping in Dalian, Wuhan, Shenyang, Beijing, Shanghai, Chongqing, Zhengzhou, Hefei, Suzhou, Qingdao, Nanchang, Xuchang, Shenzhen, Changsha and Chengdu, the People's Republic of China (the "**PRC**").

In the opinion of the directors of the Company (the "**Directors**"), the holding company of the Company is Jiayou (International) Investment Limited ("**Jiayou**"), which was incorporated in the British Virgin Islands (the "**BVI**"), and the ultimate holding company of the Company is China Minsheng Investment Corp., Ltd.("**China Minsheng**").

The consolidated financial information is presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated.

Information about subsidiaries

As at 31 December 2022, particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct (%)	Indirect (%)	
Yida Development Company Limited (億達發展有限公司) [@#]	PRC/ Mainland China	RMB1,043,316,491	–	100	Property development
Dalian Yitong Property Development Company Limited (大連益通房地產開發有限公司) [*#]	PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian Software Park Company Limited (大連軟件園股份有限公司) [*#]	PRC/ Mainland China	RMB1,010,000,000	–	100	Property investment
Yida Construction Group Company Limited (億達建設集團有限公司) [*#]	PRC/ Mainland China	RMB431,770,000	–	100	Construction
Dalian Software Park Rongda Development Co., Ltd. (大連軟件園榮達開發有限公司) [*#]	PRC/ Mainland China	RMB660,000,000	–	100	Property development
Dalian Software Park Zhongxing Development Co., Ltd. (大連軟件園中興開發有限公司) [*#]	PRC/ Mainland China	RMB1,900,000,000	–	100	Property development
Dalian Software Park Dejia Development Co., Ltd. (大連軟件園德嘉開發有限公司) [*#]	PRC/ Mainland China	RMB600,000,000	–	100	Property investment
Dalian Service Outsourcing Base Development Company Limited (大連服務外包基地發展有限公司) [*#]	PRC/ Mainland China	RMB210,000,000	–	100	Property development
Dalian Shengyue Property Development Company Limited (大連聖躍房地產開發有限公司) [*#]	PRC/ Mainland China	RMB10,000,000	–	100	Property development

1 Corporate and group information (continued)

Information about subsidiaries (continued)

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company Direct (%)	Percentage of equity attributable to the Company Indirect (%)	Principal activities
Dalian Gaoji Property Development Company Limited (大連高基房地產開發有限公司) *#	PRC/ Mainland China	RMB561,000,000	–	100	Property development
Dalian Shengbei Development Company Limited (大連聖北開發有限公司) *#	PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian Yida Meijia Property Development Company Limited (大連億達美加房地產開發有限公司) *#	PRC/ Mainland China	RMB120,000,000	–	100	Property development
Dalian Lanwan Property Company Limited (大連藍灣房地產有限公司) *#	PRC/ Mainland China	RMB250,000,000	–	100	Property development
Dalian Software Park Rongtai Development Co., Ltd. (大連軟件園榮泰開發有限公司) *#	PRC/ Mainland China	RMB100,000,000	–	100	Property development
Dalian BEST City Taifeng Development Company Limited (大連科技城泰楓開發有限公司) *#	PRC/ Mainland China	RMB12,000,000	–	100	Property investment
Dalian BEST City Xintong Development Company Limited (大連科技城欣同開發有限公司) *#	PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian Jiadao Information Co., Ltd. (大連嘉道科技發展有限公司) *#	PRC/ Mainland China	RMB300,000,000	–	100	Property investment
Dalian Software Park Rongyuan Development Co., Ltd. (大連軟件園榮源開發有限公司) *#	PRC/ Mainland China	RMB350,000,000	–	100	Property investment
Dalian Shenghe Property Development Company Limited (大連聖和房地產開發有限公司) *#	PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian Yida Property Company Limited (大連億達房地產股份有限公司) *#	PRC/ Mainland China	RMB150,000,000	–	100	Property development
Dalian Changhe Property Development Company Limited (大連昌和房地產開發有限公司) *#	PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian Software Park Development Company Limited (大連軟件園發展有限公司) *#	PRC/ Mainland China	RMB200,000,000	–	100	Property development
Yida Landscaping Engineering Company Limited (億達園林綠化工程有限公司) *#	PRC/ Mainland China	RMB200,000,000	–	100	Landscaping
Sichuan Yixing Real Estate Development Company Limited (四川億興置業發展有限公司) *#	PRC/ Mainland China	RMB30,000,000	–	100	Property development
Dalian Ruanjing Property Development Company Limited (大連軟景房地產開發有限公司) *#	PRC/ Mainland China	RMB30,000,000	–	100	Property development
Yida Tech Town Development(Beijing) Co., Ltd. (Former name: Yida Tech Town Development Co., Ltd.)(億達科技新城管理(北京)有限公司(曾用名: 億達科技新城管理有限公司))* #	PRC/ Mainland China	RMB8,854,646	–	30	Business park investment and management

1 Corporate and group information (continued)

Information about subsidiaries (continued)

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct (%)	Indirect (%)	
Yifeng Tech Development Co., Ltd. (北京億鋒科技發展有限公司) *#	PRC/ Mainland China	RMB10,000,000	–	30	Property investment
Zhengzhou Yida Technology New City Development Co., Ltd.(鄭州億達科技新城發展有限公司) *#	PRC/ Mainland China	RMB100,000,000	–	100	Property development
Dalian Qingyun Sky Realty and Development Company Limited (“**Qingyun Sky Realty and Development**”) (大連青雲天下房地產開發有限公司) *#	PRC/ Mainland China	RMB2,963,280,000	–	100	Property development
Dalian Yize Property Development Company Limited (“**Dalian Yize**”) (大連億澤房地產開發有限公司) *#	PRC/ Mainland China	RMB314,770,000	–	100	Property development
Dalian Yihong Property Development Company Limited (“**Dalian Yihong**”) (大連億鴻房地產開發有限公司) *#	PRC/ Mainland China	RMB347,230,000	–	100	Property development
King Equity Holdings Limited△	Hong Kong	HK$2	–	100	Investment holding

* Registered as domestic limited liability companies under PRC law.

@ Registered as sino-foreign equity entities under PRC law.

△ Registered as domestic limited liability company under HK law.

\# The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

(a) Compliance with HKFRs and HKCO

The consolidated financial statements of the Company for the year ended 31 December 2022 have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree if judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and certain financial instruments which have been measured at fair value.

(c) Going concern basis

As at 31 December 2022, the Group's current liabilities exceeded its current assets by RMB8,938,449,000. At the same date, its current borrowings amounted to RMB12,050,826,000 while its cash and cash equivalents amounted to RMB127,519,000 only.

Since 2020, the Group has failed to pay principals, interests and consent fees of certain borrowings according to their scheduled payment dates (the "**Borrowings Overdue**"). Although the Group managed to settle some of these overdue borrowings after the original due dates, borrowings with the carrying amount of RMB3,772,064,000 remained unsettled as at 31 December 2022, out of which RMB500,000,000 have been subsequently extended up to the date of the approval of these consolidated financial statements although the extended borrowing agreements contain terms that cause such borrowings to be subject to immediate repayment if requested by the lenders. Subsequent to 31 December 2022, other than the Borrowings Overdue, the Group failed to pay interests of certain borrowings with the carrying amount of RMB28,240,000 in total according to their scheduled payment dates.

On 4 March 2021, the Group and certain parties ("**Aetos Parties**") entered into a settlement agreement which stipulates that the Group should settle the payables to Aetos Parties by instalments before 30 September 2021. However, the Group failed to fulfill the settlement agreement, and therefore Aetos Parties formally demanded the Group several times to settle the unpaid balance, among other actions, to Aetos Parties' satisfaction, or otherwise a winding-up petition may be presented to the court (the "**Aetos Parties Matter**"). As at 31 December 2022, the payable balance with interest accrued thereon to Aetos Parties amounted to RMB1,066,980,000. The Group has been actively negotiating with Aetos Parties.

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

(c) Going concern basis (continued)

Since 2018, the financial conditions of the Group's controlling shareholder, China Minsheng Investment Corp., Ltd. ("**China Minsheng**"), changed in such a way that triggered certain terms specified in the Group's borrowing agreements. In addition, the Company publicly announced on 20 February 2020 that Mr. Chen Donghui, a then executive Director who was subsequently removed since 15 June 2020, was detained by the relevant authorities in the PRC. These matters, together with the Borrowings Overdue and the Aetos Parties Matter, constituted events of default and resulted in certain other borrowings of the Group (other than the Borrowings Overdue) amounted to RMB7,630,600,000 in total as at 31 December 2022 becoming immediately repayable if requested by the lenders, of which RMB4,679,350,000 represented borrowings with scheduled repayment dates within one year, while RMB2,951,250,000 represented non-current borrowings with original contractual repayment dates beyond 31 December 2023 that were reclassified as current liabilities.

The above conditions indicate that material multiple uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure, to improve the financial position of the Group, and to remediate the overdue repayments to the lenders:

i) The Group has been actively negotiating with Aetos Parties. Up to the date of the approval of these consolidated financial statements, Aetos Parties have not presented a winding-up petition to the court. The Directors are confident that the Group will reach a final settlement agreement with Aetos Parties in due course and Aetos Parties will not exercise their rights to present a winding-up petition to the court.

ii) In respect of Borrowings Overdue, the Group has been actively negotiating with all the lenders for renewal and extension for repayments of the overdue borrowings. While certain lenders of the overdue borrowings preliminarily intended to renew or extend the respective overdue borrowings, no formal agreement has been reached yet. The Directors are confident that such lenders will not exercise their rights to demand the Group's immediate repayment of the borrowings and the Group will reach final agreements with such lenders in due course.

iii) The Group has maintained active communication with other relevant lenders in respect of the Borrowings Overdue, the Aetos Parties Matter and other matters which triggered default or cross-default terms of their respective borrowing agreements. The Directors are confident to convince the relevant lenders not to exercise their rights to demand the Group's immediate repayment of the borrowings prior to their scheduled contractual repayment dates.

iv) The Group has also been conducting negotiations with relevant banks and financial institutions on renewal and extension for existing borrowings with scheduled repayment dates within one year. The Directors believe that, given the Group's long-term relationship with the banks and financial institutions and the availability of the Group's properties as collateral for the borrowings, the Group will be able to renew or extend existing borrowings with scheduled repayment dates within one year as and when needed.

v) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of sales proceeds.

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

(c) Going concern basis (continued)

vi) The Group will strive to maintain a continuing and normal business relationship with major constructors and suppliers to agree the payment arrangements with them and to complete the construction progress as scheduled. The Group will also continue to take active measures to control administrative costs and capital expenditures.

vii) The Group will also explore the opportunities to dispose of certain assets to third parties or local government at reasonable prices to generate cash inflows and mitigate its liquidity pressure.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2022. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2022. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, material multiple uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

i) the successful and timely negotiation with Aetos Parties to reach a final settlement agreement so that they will not present a winding-up petition to the court, and the successful compliance with the terms and obligations under the final settlement agreement by the Group;

ii) the successful negotiations with the Group's existing lenders in respect of the borrowings that were either overdue or otherwise in default, so that the relevant lenders will not exercise their contractual rights to demand immediate repayment of the relevant overdue or defaulted borrowings;

iii) the successful renewal or extension for existing borrowings with scheduled repayment dates within one year as and when needed;

iv) the successful and timely implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties, speed up the collection of sales proceeds, maintenance of a continuing and normal business relationship with major constructors and suppliers to agree the payment arrangements with them and to complete the construction progress as scheduled, and control costs and contain capital expenditure so as to generate adequate net cash inflows; and

v) the successful implementation of the Group's preliminary intention to dispose certain assets at reasonable prices, and timely collection of the proceeds.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and noncurrent liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

(d) New and amended standards adopted by the Group

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2022:

i) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16

ii) Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37

iii) Annual Improvements to HKFRS Standards 2018-2020

iv) Reference to the Conceptual Framework – Amendments to HKFRS 3

v) Covid-19 Related Rent Concessions beyond 30 June 2021 – Amendment to HKFRS 16 (March 2021) (the "HKFRS 16 Amendment (March 2021)"), and

vi) Amendments to AG 5 Merger Accounting for Common Control Combinations.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(e) New standards and interpretations not yet adopted

Certain accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

i) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to HKAS 12, and

ii) Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2.

2.2 Principles of consolidation and equity accounting

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.3).

2 Summary of Significant Accounting Policies (continued)

2.2 Principles of consolidation and equity accounting (continued)

i. Subsidiaries (continued)

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

ii. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

iii. Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. All the Group's joint arrangements are classified as joint ventures.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated statement of financial position.

iv. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.10.

2 Summary of Significant Accounting Policies (continued)

2.2 Principles of consolidation and equity accounting (continued)

v. Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

2 Summary of Significant Accounting Policies (continued)

2.3 Business combinations (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 Summary of Significant Accounting Policies (continued)

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of the Company has appointed a strategic steering committee which assesses the financial performance and position of the Group, and makes strategic decisions. The steering committee, which has been identified as executive directors that make strategic decisions.

2.6 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('**the functional currency**'). The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

2 Summary of Significant Accounting Policies (continued)

2.6 Foreign currency translation (continued)

(iii) Group companies (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.7 Property, plant and equipment and depreciation

Property, plant and equipment are stated at historical cost less depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements the shorter lease term as follows:

Building and leasehold improvements	Over the shorter of lease terms and 20 years
Plant and machinery	5 to 10 years
Motor vehicles	3 to 10 years
Furniture, fixtures and office equipment	3 to 20 years

2 Summary of Significant Accounting Policies (continued)

2.7 Property, plant and equipment and depreciation (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.8 Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs and where applicable borrowing cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in the statement of profit or loss.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

2 Summary of Significant Accounting Policies (continued)

2.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Licences

Purchased licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 to 15 years.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over their estimated useful lives of 10 to 15 years.

2.10 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.11 Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2 Summary of Significant Accounting Policies (continued)

2.12 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classified its debt instruments into the following measurement category:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is net included in finance costs using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are included in the statement of profit or loss.

2 Summary of Significant Accounting Policies (continued)

2.12 Investments and other financial assets (continued)

(iii) Measurement (continued)

Debt instruments (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

From 1 January 2018, the Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables (including lease receivables) and contract assets, the Group applies the simplified approach permitted by HKFRS 9 Financial Instruments ("**HKFRS 9**"), which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, the Group applies general approach for expected credit loss prescribed by HKFRS9. Since credit risk has not significantly increased after initial recognition, the loss allowance recognised was therefore limited to 12 months expected losses.

2 Summary of Significant Accounting Policies (continued)

2.13 Financial liabilities

(a) Initial recognition and measurement

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

(b) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account and discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance expenses in the statement of profit or loss.

(c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.14 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

2 Summary of Significant Accounting Policies (continued)

2.15 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.16 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.17 Land held for development for sale

The land held for future development represents parcels of land owned by the Group for the purpose of development of properties for sale. The land is initially stated at cost less any impairment losses and is not depreciated. It is transferred to properties under development upon commencement of the related construction work in the property development project.

2.18 Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

2 Summary of Significant Accounting Policies (continued)

2.19 Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value.

Cost of completed properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on the prevailing market conditions.

2.20 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.21 Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 24 for further information about the Group's accounting for trade receivables and note 2.12(iv) for a description of the Group's impairment policies.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are included in current assets, except for those mature more than twelve months after the year (or out of the normal operating cycle of the business if longer) which are classified as non-current assets.

2.22 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.23 Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2 Summary of Significant Accounting Policies (continued)

2.24 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 Summary of Significant Accounting Policies (continued)

2.25 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liabilities are presented as current employee benefit obligations in the statement of financial position.

Pension scheme

The employees of the Group's subsidiaries in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

2.26 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.27 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2 Summary of Significant Accounting Policies (continued)

2.28 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred.

2.29 Revenue recognition

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the relevant group entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a client. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2 Summary of Significant Accounting Policies (continued)

2.29 Revenue recognition (continued)

(a) Sales of properties

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers the properties to the customer and when the customer pays for that properties will be one year or less.

The Group recognised as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. As a practical expedient, the Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

(b) Construction service

For construction service, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognised revenue over time, by reference to the progress of certified value of work performance to date.

(c) Business park operation and management services

Revenue arising from business park operation and management services is recognised when the services are rendered.

(d) Rental income

Rental income is recognised on a straight line basis over the lease term.

2.30 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, and

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

2 Summary of Significant Accounting Policies (continued)

2.30 Earnings per share (continued)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.31 Dividend income

Dividends are recognized as other income in profit or loss when the right to receive payment is established.

2.32 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2 Summary of Significant Accounting Policies (continued)

2.32 Leases (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2 Summary of Significant Accounting Policies (continued)

2.33 Dividends distribution

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the consolidated financial statements.

2.34 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.35 Interest income

Interest income from financial assets at FVPL is recognised in other losses – net in the consolidated statement of profit or loss.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognized in finance costs-net in the consolidated statement of profit or loss.

Interest income is presented as other income where it is earned from bank deposits that are held for cash management purposes. Any other interest income is included in finance income.

3 Critical Accounting Judgements and Estimates

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Allocation of construction costs on properties under development

When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the costs of such phase. Costs that are common to each phase are allocated to each phase based on the saleable floor area of each phase as a percentage of the total saleable floor area of the entire project. The cost of the unit sold is determined by the floor area in square metres sold during the year multiplied by the average cost per square metre of that particular phase of the project.

3 Critical Accounting Judgements and Estimates (continued)

Impairment review of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information. The Group has engaged an external valuer to perform a valuation of the Group's properties under development and completed properties held for sale as at 31 December 2022 to assess if the net realisable values of these assets are lower than their carrying amounts.

PRC corporate income tax ("CIT")

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will have impact on the land appreciation tax expense and the related provision in the period in which the differences realise.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Fair value of investment properties

Investment properties including completed investment properties and investment properties under construction are revalued at the end of the reporting period on a market value, existing use basis by independent professionally qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, information from current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the end of the reporting period are used.

3 Critical Accounting Judgements and Estimates (continued)

Recoverability of other receivables for primary land development

The Group has entered into certain cooperation agreements with the local government authorities under which the Group provides funding to the local government authorities for the primary land development of certain land parcels. Management estimates the expected repayment schedule and amounts and considers the discounting impact of the receivables. The provision for impairment of other receivables for primary land development of the Group is based on the evaluation of collectability and ageing analysis of these receivables and on management's estimation. Significant estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of the local government authorities. If the financial conditions of the local government authorities were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amount of other receivables for primary land development at 31 December 2022 was RMB1,030,380,000 (2021: RMB1,000,270,000). Further details are set out in note 25 to the consolidated financial statements.

4 Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) the property development segment engages in the development and sale of properties;

(b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;

(c) the business park operation and management segment engages in the provision of operation and management services to the business park projects owned by the local governments or other independent third parties;

(d) the construction, decoration and landscaping segment engages in property construction, the provision of interior decoration to property buyers and landscaping services to property projects; and

(e) the others segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, dividend income and certain corporate gains and expenses and finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid corporate income tax, prepaid land appreciation tax, prepaid other taxes, amounts due from related parties, restricted cash and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings and related interests payable, amounts due to related parties, dividends payable, tax payable, provision for land appreciation tax, other taxes payable and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

For the year ended 31 December 2022, no single external customer's transaction generated revenue accounting for 10% or more of the Group's total revenue.

4 Operating Segment Information (continued)

Year ended 31 December 2022

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Others RMB'000	Total RMB'000
Segment revenue:	3,231,556	507,178	294,923	1,180,933	–	5,214,590
Intersegment revenue	(49,879)	(1)	(41,350)	(590,437)	–	(681,667)
Sales to external customers	3,181,677	507,177	253,573	590,496	–	4,532,923
Segment results	49,188	245,295	3,810	640	(25,482)	273,451
Reconciliation:						
Interest income						3,287
Unallocated losses						(6,230)
Finance costs – net						(581,088)
Loss before income tax						(310,580)
Income tax expenses						(425,913)
Loss for the year						(736,493)
Segment assets	62,977,928	24,240,243	357,863	8,644,751	11,019,613	107,240,398
Reconciliation:						
Elimination of intersegment receivables						(68,789,556)
Corporate and other unallocated assets						1,233,222
Total assets						39,684,064
Segment liabilities	44,766,201	9,375,602	455,993	7,782,200	16,310,140	78,690,136
Reconciliation:						
Elimination of intersegment payables						(68,789,556)
Corporate and other unallocated liabilities						18,377,807
Total liabilities						28,278,387
Other segment information:						
Depreciation and amortisation	11,266	6,223	7,703	6,682	1,662	33,536
Capital expenditure*	14	(882)	6,943	7,429	1,452	14,956
Fair value losses on investment properties	–	(37,624)	–	–	–	(37,624)
Share of net(loss)/profit of joint ventures and associates	(88,594)	–	905	–	(66)	(87,755)
Investments in joint ventures	663,395	–	14,763	–	19,433	697,591
Investments in associates	–	1,000	–	–	3,785	4,785

* Capital expenditure consists of additions to property, plant and equipment, additions to investment properties and additions to intangible assets.

4 Operating Segment Information (continued)

Year ended 31 December 2021

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Others RMB'000	Total RMB'000
Segment revenue:	4,041,138	510,303	404,124	1,553,097	–	6,508,662
Intersegment revenue	(31,829)	(279)	(128,017)	(953,472)	–	(1,113,597)
Sales to external customers	4,009,309	510,024	276,107	599,625	–	5,395,065
Segment results	783,030	222,985	7,275	19,920	(20,064)	1,013,146
Reconciliation:						
Interest income						5,276
Unallocated losses						(444,400)
Finance costs – net						(821,294)
Loss before income tax						(247,272)
Income tax expenses						(620,694)
Loss for the year						(867,966)
Segment assets	62,998,354	24,738,005	433,061	8,795,313	12,115,179	109,079,912
Reconciliation:						
Elimination of intersegment receivables						(67,475,941)
Corporate and other unallocated assets						1,619,144
Total assets						43,223,115
Segment liabilities	45,844,682	9,391,873	489,254	8,255,361	15,893,325	79,874,495
Reconciliation:						
Elimination of intersegment payables						(67,475,941)
Corporate and other unallocated liabilities						18,623,821
Total liabilities						31,022,374
Other segment information:						
Depreciation and amortisation	12,608	7,307	17,668	11,707	2,834	52,124
Capital expenditure*	7,613	15,158	3,085	23,818	17,223	66,897
Fair value losses on investment properties	–	(117,238)	–	–	–	(117,238)
Share of net(loss)/profit of joint ventures and associates	60,099	29,313	1,708	–	(167)	90,953
Investments in joint ventures	763,367	–	15,573	–	19,498	798,438
Investments in associates	–	1,000	–	–	3,785	4,785

* Capital expenditure consists of additions to property, plant and equipment, additions to investment properties and additions to intangible assets.

4 Operating Segment Information (continued)

Geographical information

Geographical information is not presented since all of the Group's revenue from external customers is generated in Mainland China and the majority of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the Directors, the presentation of geographical information would provide no additional useful information to the users of these consolidated financial statements.

5 Revenue

Revenue represents the gross proceeds from the sale of properties, gross rental income received and receivable from investment properties, an appropriate proportion of contract revenue from construction, decoration and landscaping, and business park operation and management service income received and receivable from the provision of operation and management services to the business park projects, all net of value-added tax and surcharges, during the year.

An analysis of the Group's revenue is as follows:

	Notes	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers recognised at a point in time			
Sale of properties	(a)	**3,181,677**	4,009,309
Revenue from contracts with customers recognised over time			
Business park operation and management service income		**253,573**	276,107
Construction, decoration and landscaping income		**590,496**	599,625
		844,069	875,732
Revenue from contracts with customers		**4,025,746**	4,885,041
Revenue from other sources			
Rental income		**507,177**	510,024
		4,532,923	5,395,065

Note:

(a) Revenue recognised in relation to contract liabilities:

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2022 RMB'000	2021 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**3,164,577**	3,312,132

6 Other Income

	2022 RMB'000	2021 RMB'000
Interest income	**3,287**	5,276
Government subsidies	**5,964**	13,031
	9,251	18,307

7 Other losses – net

	2022 RMB'000	2021 RMB'000
Net foreign exchange losses/(gains)	**217,574**	(41,469)
Losses/(gains) arising from disposal of subsidiaries (a)	**52,095**	(26,412)
Losses arising from disposal of a joint venture (b)	**–**	470,397
Net losses/(gains) on disposal of property, plant and equipment	**715**	(3,395)
Other items	**1,687**	74,779
	272,071	473,900

(a) As at 31 December 2021, the Group held 70% equity interests in Changsha Yida Intelligent Manufacturing Industrial Town Development Co., Ltd.,("**Changsha Town**"), which was accounted for as a subsidiary of the Group. On 6 September 2022, the Group entered into an equity transfer agreement with Changsha Zhenwang Investment Development Co., Ltd., the remaining 30% equity interests holders of Changsha Town, pursuant to which the Group sold its 70% equity interests in Changsha Town at a consideration of RMB84,570,000 approximately, and the Group recognised a loss of RMB52,095,000 arising from the disposal during 2022.

(b) As at 31 December 2020, the Group held 50% equity interests in Dalian Software Park Ascendas Development Company Limited ("**DLSP Ascendas**"), which was accounted for as a joint venture of the Group. On 21 May 2021, a wholly-owned subsidiary of the Company entered into an equity transfer agreement with Ascendas (China) Pte Ltd.("**Ascendas**"), which is the joint venture partner of DLSP Ascendas. Pursuant to the agreement, the Group disposed 50% equity interests in DLSP Ascendas at a consideration of RMB501,000,000. The Group was also granted an option to repurchase 50% equity interests in DLSP Ascendas at a consideration of RMB526,300,500, which expired in November 2021. The disposal of DLSP Ascendas was completed on 21 May 2021, and the Group recognised a loss of RMB470,397,000 arising from the disposal in 2021.

8 Expenses by Nature

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analyzed as follows:

	Notes	2022 RMB'000	2021 RMB'000
Cost of properties sold		**2,469,943**	2,799,045
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**183,905**	189,537
Cost of other services provided		**793,149**	770,923
Write-down of properties under development and completed properties held for sale		**25,510**	1,558
Employee benefit expenses	9	**161,511**	213,031
Depreciation	15	**26,634**	35,555
Amortisation of intangible assets	18	**6,902**	16,569
Auditor's remuneration			
– Audit services		**4,100**	4,350
– Non-audit services		**258**	800
Other costs and expenses		**157,537**	291,850
Total cost of sales, selling and marketing expenses and administrative expenses		**3,829,449**	4,323,218

9 Employee Benefit Expenses (including directors' emoluments)

	2022 RMB'000	2021 RMB'000
Wages, salaries and other benefit expenses	**127,558**	172,114
Pension scheme contributions	**33,953**	40,917
	161,511	213,031

9 Employee Benefit Expenses (including directors' emoluments) (continued)

(a) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2022 include one (2021: one) director whose emoluments are reflected in the analysis presented in note 10. The emoluments payable to the remaining four (2021: four) individuals during the year are as follows:

	2022 **RMB'000**	2021 RMB'000
Wages, salaries and other benefit expenses	**5,082**	5,400
Discretionary bonuses	**–**	–
Pension scheme contributions	**535**	482
	5,617	5,882

The emoluments fell within the following bands:

	Number of individuals	
	2022	2021
Emolument bands (in HK dollar)		
HK$1,000,001 – HK$1,500,000	**2**	1
HK$1,500,001 – HK$2,000,000	**2**	2
HK$2,000,001 – HK$2,500,000	**–**	1

10 Directors' and Chief Executives' Remuneration

Directors' and chief executives' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2022 **RMB'000**	2021 RMB'000
Fees	**1,200**	1,200
Other emoluments:		
Salaries, allowances and benefits in kind	**2,217**	2,478
Discretionary bonuses	**–**	–
Pension scheme contributions	**161**	175
	2,378	2,653
	3,578	3,853

10 Directors' and Chief Executives' Remuneration (continued)

The remuneration of each of the Directors and chief executives' for the year ended 31 December 2022 is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive director:					
Mr. Jiang Xiuwen	–	2,000	–	161	2,161
	–	2,000	–	161	2,161
Non-executive directors:					
Mr. Wang Gang	–	54	–	–	54
Ms. Jiang Qian#	–	50	–	–	50
Mr. Lu Jianhua	–	54	–	–	54
Mr. Cheng Xuezhi*	–	5	–	–	5
Mr. Ni Jie@	–	54	–	–	54
	–	217	–	–	217
Independent non-executive directors:					
Mr. Yip Wai Ming	300	–	–	–	300
Mr. Guo Shaomu	300	–	–	–	300
Mr. Wang Yinping^	300	–	–	–	300
Mr. Han Gensheng	300	–	–	–	300
	1,200	–	–	–	1,200
	1,200	2,217	–	161	3,578

Appointed as non-executive director on 11 February 2022.
* Resigned as non-executive director on 11 February 2022.
@ Resigned as non-executive director on 31 March 2023.
^ Resigned as independent non-executive director on 31 March 2023.

For the year ended 31 December 2022, no emoluments were paid by the Group to any Director, or any of the five highest paid individuals, as an inducement to join or upon joining the Group or as compensation for loss of office.

10 Directors' and Chief Executives' Remuneration (continued)

The remuneration of each of the Directors and chief executives' for the year ended 31 December 2021 is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. Jiang Xiuwen	–	2,000	–	147	2,147
Mr. Yu Shiping^	–	165	–	14	179
Ms. Zheng Xiaohua^	–	123	–	14	137
	–	2,288	–	175	2,463
Non-executive directors:					
Mr. Wang Gang	–	54	–	–	54
Mr. Zhang Xiufeng#	–	41	–	–	41
Mr. Lu Jianhua@	–	13	–	–	13
Mr. Cheng Xuezhi*	–	41	–	–	41
Mr. Ni Jie&	–	41	–	–	41
	–	190	–	–	190
Independent non-executive directors:					
Mr. Yip Wai Ming	300	–	–	–	300
Mr. Guo Shaomu	300	–	–	–	300
Mr. Wang Yinping	300	–	–	–	300
Mr. Han Gensheng	300	–	–	–	300
	1,200	–	–	–	1,200
	1,200	2,478	–	175	3,853

^ Resigned as executive director on 31 March 2021.

Resigned as non-executive director on 29 September 2021.

@ Appointed as non-executive director on 29 September 2021.

& Appointed as non-executive director on 31 March 2021.

* Appointed as non-executive director on 31 March 2021 and resigned as non-executive director on 11 February 2022.

11 Finance Costs – net

An analysis of finance income and costs is as follows:

	2022 RMB'000	2021 RMB'000
Finance costs		
Interest on bank loans and other loans	**1,136,202**	1,586,267
Interest on lease liabilities	**3,597**	3,845
Less: Interest capitalised	**(510,771)**	(709,931)
	629,028	880,181
Interest income	**(47,940)**	(58,887)
Finance costs – net	**581,088**	821,294

12 Income Tax Expenses

An analysis of the income tax charges arising from continuing operations is as follows:

	2022 RMB'000	2021 RMB'000
Current tax– PRC		
Corporate income tax charge for the year	**223,413**	355,985
Land appreciation tax charge for the year ("LAT") (note 31)	**373,890**	459,467
	597,303	815,452
Deferred income tax:		
Current year (note 32)	**(171,390)**	(194,758)
Total tax charge arising from continuing operations for the year	**425,913**	620,694

12 Income Tax Expenses (continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which the majority of the Company's subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate for the year, are as follows:

	2022 RMB'000	2021 RMB'000
Profit before tax	**(310,580)**	(247,272)
At the statutory income tax rate (25%)	**(77,645)**	(61,818)
Tax losses utilised from previous periods	**(26,430)**	(28,194)
Gains attributable to joint ventures and associates	**21,939**	(22,738)
Income not subject to tax	–	(22,932)
Expenses not deductible for tax	**17,278**	180,612
Tax losses and temporary differences not recognised	**210,354**	231,164
LAT	**373,890**	459,467
Tax effect of LAT	**(93,473)**	(114,867)
Total Tax charge arising from continuing operations for the year	**425,913**	620,694

The share of credit income tax expenses attributable to joint ventures and associates amounting to RMB17,537,000 (2021: tax attributable to joint ventures and associates amounting to RMB27,235,000) and no tax attributable to associates (2021: Nil) are included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss, respectively.

13 Dividend

	2022 RMB'000	2021 RMB'000
Proposed no final dividend per ordinary share	–	–

In addition, no interim dividend has been declared during the year (2021: nil).

14 (Losses)/earnings Per Share Attributable to Ordinary Equity Holders of the Company

(a) Basic (losses)/earnings per share

The calculation of the basic (losses)/earnings per share is based on the consolidated loss for the year ended 31 December 2022 attributable to the ordinary equity holders of the Company of RMB736,773,000 (2021: profit of RMB2,934,000), and the weighted average number of ordinary shares of 2,583,970,000(2021: 2,583,970,000) in issue during the year ended 31 December 2022.

(b) Diluted (losses)/earnings per share

Diluted losses/earnings per share is same as basic losses/earnings per share for the years ended 31 December 2022 and 2021 as the Group had no potentially dilutive ordinary shares in issue during those years.

The basic (losses)/earnings per share and diluted (losses)/earnings per share for the years ended 31 December 2022 and 2021 are as follows:

	2022 **RMB Cents**	2021 RMB Cents
From continuing operations attributable to the ordinary equity holders of the Company	**(28.51)**	(34.34)
From discontinued operation	–	34.45
Total basic and diluted (losses)/earnings per share attributable to the ordinary equity holders of the Company	**(28.51)**	0.11

15 Property, Plant and Equipment

	Right-of-use Assets RMB'000	Buildings and leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
31 December 2022							
At 31 December 2021:							
Cost	74,715	154,979	53,790	9,920	22,689	1,531	317,624
Accumulated depreciation	(60,393)	(110,155)	(33,963)	(7,725)	(18,967)	–	(231,203)
Net carrying amount	14,322	44,824	19,827	2,195	3,722	1,531	86,421
At 1 January 2022, net of accumulated depreciation	14,322	44,824	19,827	2,195	3,722	1,531	86,421
Additions	8,362	1,579	7,238	15	519	–	17,713
Depreciation provided during the year	(10,915)	(9,674)	(3,681)	(744)	(1,260)	(360)	(26,634)
Write-off/disposal	–	–	(611)	(43)	(140)	–	(794)
Disposal of subsidiaries	–	(10)	–	(14)	(109)	–	(133)
At 31 December 2022, net of accumulated depreciation	11,769	36,719	22,773	1,409	2,732	1,171	76,573
At 31 December 2022:							
Cost	83,077	155,679	59,042	8,797	18,766	1,531	326,892
Accumulated depreciation	(71,308)	(118,960)	(36,269)	(7,388)	(16,034)	(360)	(250,319)
Net carrying amount	11,769	36,719	22,773	1,409	2,732	1,171	76,573

At 31 December 2022, a building of the Group with a carrying value of RMB24,978,000 (2021: RMB30,466,000) was pledged to a financial institution to secure the loans granted to the Group (note 30).

15 Property, Plant and Equipment (continued)

	Right-of-use Assets RMB'000	Buildings and leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
31 December 2021							
At 31 December 2020:							
Cost	71,570	155,487	52,383	11,953	31,653	1,531	324,577
Accumulated depreciation	(43,672)	(98,881)	(35,505)	(7,732)	(23,956)	–	(209,746)
Net carrying amount	27,898	56,606	16,878	4,221	7,697	1,531	114,831
At 1 January 2021, net of accumulated depreciation	27,898	56,606	16,878	4,221	7,697	1,531	114,831
Additions	3,145	21,965	7,423	1,372	1,375	–	35,280
Depreciation provided during the year	(16,721)	(11,737)	(3,905)	(839)	(2,353)	–	(35,555)
Write-off/disposal	–	(1,790)	(346)	(234)	(533)	–	(2,903)
Disposal of subsidiaries	–	(20,220)	(223)	(2,325)	(2,464)	–	(25,232)
At 31 December 2021, net of accumulated depreciation	14,322	44,824	19,827	2,195	3,722	1,531	86,421
At 31 December 2021:							
Cost	74,715	154,979	53,790	9,920	22,689	1,531	317,624
Accumulated depreciation	(60,393)	(110,155)	(33,963)	(7,725)	(18,967)	–	(231,203)
Net carrying amount	14,322	44,824	19,827	2,195	3,722	1,531	86,421

15 Property, Plant and Equipment (continued)

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Right-of-use assets		
– Buildings	**11,769**	14,322
Investment properties (note 16)	**42,000**	45,000
Intangible assets (note 18)	**10,400**	12,202
	64,169	70,524
Lease liabilities		
Current	**10,165**	14,464
Non-current	**34,572**	37,975
	44,737	52,439

(b) Amounts recognised in the statement of profit or loss

	31 December 2022 RMB'000	31 December 2021 RMB'000
Depreciation charge of right-of-use assets		
– Buildings	**(10,915)**	(16,721)
Amortisation charge of right-of-use assets		
– Land-use rights	**(1,802)**	(1,802)
	(12,717)	(18,523)
Interest expense (included in finance costs – note 11)	**(3,597)**	(3,845)

The total cash outflow for leases in 2022 was RMB16,830,000 (2021: RMB24,521,000).

15 Property, Plant and Equipment (continued)

(c) The Group's leasing activities and how these are accounted for

The Group leases various buildings and land-use rights. Rental contracts are typically made for fixed periods of 1 to 11 years.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment.

16 Investment Properties

	Right-of-use Assets RMB'000	Completed RMB'000	Under construction RMB'000	Total RMB'000
Carrying amount at 1 January 2021	45,000	13,246,500	5,691,217	18,982,717
Additions	–	9,721	4,797	14,518
Disposal of subsidiaries	–	(121,899)	–	(121,899)
Disposal of assets	–	(95,949)	–	(95,949)
Net losses from fair value adjustments	(1,000)	(115,573)	(665)	(117,238)
Carrying amount at 31 December 2021 and 1 January 2022	44,000	12,922,800	5,695,349	18,662,149
Additions/(cost adjustments)	**–**	**(4,560)**	**(2,815)**	**(7,375)**
Transfer to properties under development	**–**	**–**	**(615,145)**	**(615,145)**
Net losses from fair value adjustments	**(2,000)**	**(53,840)**	**18,216**	**(37,624)**
Carrying amount at 31 December 2022	**42,000**	**12,864,400**	**5,095,605**	**18,002,005**

As at 31 December 2022, certain of the Group's investment properties of RMB16,011,638,000 (2021: RMB18,138,744,000) were pledged to banks to secure the loans granted to the Group (note 30).

The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 37 to the consolidated financial statements.

The Group's completed investment properties and investment properties under construction, which were stated at fair value, were revalued at the end of the reporting period by DTZ Cushman & Wakefield Limited, an independent professionally qualified valuer.

For completed investment properties, valuations were based on the capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

For investment properties under construction which were stated at fair value at 31 December 2022 and 2021, valuations were based on the residual approach and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

16 Investment Properties (continued)

In the opinion of the Directors, for all investment properties that are measured at fair value, the current use of the properties is their highest and best use. Included in the Group's investment properties are certain completed investment properties measured at fair value in the aggregate carrying amount of RMB1,515,000,000 as at 31 December 2022 (2021: RMB1,515,000,000), which are subject to restrictions on sale and transfer, but may be leased to tenants that are engaged in software research and development and outsourcing services.

	Valuation technique	Significant unobservable inputs	Range (weighted average) 2022	2021
Completed	Income approach			
Retail		Estimated yearly rental value per square metre (RMB)	**714-2,064**	714-2,016
Office		Estimated yearly rental value per square metre (RMB)	**439-915**	439-915
Car park		Estimated yearly rental value per lot (RMB)	**3,526-6,863**	3,240-8,208
Retail		Capitalisation rate	**5.25%**	5.25%
Office		Capitalisation rate	**4.25%-4.75%**	4.25%-4.75%
Car park		Capitalisation rate	**3.75%**	3.75%
Under construction	Residual approach			
Retail		Estimated yearly rental value per square metre (RMB)	**848-1,079**	1,011-1,079
Office		Estimated yearly rental value per square metre (RMB)	**439-720**	439-714
Car park		Estimated yearly rental value per lot (RMB)	**4,325-4,959**	4,325-4,959
Retail		Capitalisation rate	**5.25%**	5.25%
Office		Capitalisation rate	**4.75%**	4.75%
Car park		Capitalisation rate	**3.75%**	3.75%
Office and car park		Development profit	**2%-29%**	2%-29%

A significant increase/(decrease) in the estimated yearly rental value per square metre or per lot in isolation would result in a significantly higher/(lower) fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties.

Generally, a change in the assumption made for the estimated yearly rental value per square metre or per lot is accompanied by a directionally similar change in the development profit and an opposite change in the capitalisation rate.

17 Land Held for Development for Sale

	2022 RMB'000	2021 RMB'000
Carrying amount at beginning of year	**938,059**	784,753
Additions	–	170,355
Transfer to properties under development	**(19,945)**	(17,049)
Decrease in connection with disposal of subsidiaries	**(156,888)**	–
Carrying amount at end of year	**761,226**	938,059
Current portion	**(761,226)**	(938,059)
Non-current portion	–	–

At 31 December 2022, certain of the Group's land held for development for sale of RMB761,226,000 (2021: RMB935,669,000) were pledged to banks to secure the bank and other loans granted to the Group (note 30).

18 Intangible Assets

	Right-of-use Assets RMB'000	Licenses and software RMB'000	Total RMB'000
At 1 January 2021	–	36,727	36,727
Additions during the year	14,004	3,095	17,099
Disposal	–	(6,479)	(6,479)
Decrease in connection with disposal of subsidiaries	–	(9,008)	(9,008)
Amortisation during the year	(1,802)	(14,767)	(16,569)
At 31 December 2021 and 1 January 2022	12,202	9,568	21,770
Additions during the year	–	4,618	4,618
Amortisation during the year	(1,802)	(5,100)	(6,902)
At 31 December 2022	10,400	9,086	19,486

19 Investments in Joint Ventures

	2022 **RMB'000**	2021 RMB'000
Share of net assets	**697,591**	798,438

The Group's other receivable balances due from joint ventures are disclosed in note 25 to the consolidated financial statements. The Group's other payable balances due to joint ventures are disclosed in note 29 to the consolidated financial statements. Particulars of the joint ventures, all of which are unlisted corporate entities, are as follows:

Company name	Place of registration/ business	Percentage of ownership interest(%) **2022**	2021	Principal activities
Shenzhen Huaqiang Yida Industrial Operation Management Company Limited (深圳華強億達產業運營管理有限公司)#	PRC/Mainland China	**50**	50	Business park investment and management
Shenzhen Shenlong Yida BEST City Development Company Limited(深圳市深龍億達科技園發展有限公司) @#	PRC/Mainland China	**55**	55	Business park investment and management
Chengdu Yida Chuangzhi Park Zone Operation Management Company Limited (成都億達創智園區運營管理有限公司) @#	PRC/Mainland China	**51**	51	Business park investment and management
Beijing Shichuang Yida Technology Service Co., Ltd. (北京實創億達科技服務有限公司) @#	PRC/Mainland China	**51**	51	Consulting service
Eagle Fit Limited ("Eagle Fit")	BVI	**35**	35	Dormant
Wuhan New Software Park Development Company Limited ("Wuhan NSP") (武漢軟件新城發展有限公司)@@#	PRC/Mainland China	**50**	50	Property development
Hefei Yida Smart Science and Technology City Development Company Limited 合肥億達智慧科技城發展有限公司@#	PRC/Mainland China	**65**	65	Property development

@ Registered as domestic limited liability companies under PRC law.

@@ Registered as sino-foreign joint ventures under PRC law.

The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as these companies did not register any official English names.

19 Investments in Joint Ventures (continued)

(i) Summarized financial information for joint ventures

The following tables illustrate the summarized financial information in respect of material joint ventures, namely Wuhan NSP and it's subsidiaries adjusted for any differences in accounting policies:

Wuhan NSP and it's subsidiaries:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Current assets	**1,189,304**	1,779,421
Non-current assets	**511,656**	508,700
Current liabilities	**(402,872)**	(526,647)
Non-current liabilities	**(173,038)**	(498,641)
Net assets	**1,125,050**	1,262,833

	2022 RMB'000	2021 RMB'000
Reconciliation to carrying amounts:		
Opening net assets 1 January	**1,262,833**	1,332,636
(Loss)/profit for the year	**(99,102)**	120,197
Other comprehensive income	**–**	–
Dividends paid	**(38,681)**	(190,000)
Closing net assets	**1,125,050**	1,262,833

	2022 RMB'000	2021 RMB'000
The Group's share of profit	**50%**	50%
Carrying amount	**564,098**	632,176

19 Investments in Joint Ventures (continued)

(i) Summarized financial information for joint ventures (continued)

Wuhan NSP and it's subsidiaries (continued):

	2022 RMB'000	2021 RMB'000
Revenue	**288,972**	470,260
Interest income	**254**	233
Depreciation and amortisation	**(88)**	(214)
Interest expenses – net	**(17,771)**	(26,665)
Income tax expense	**35,815**	(39,530)
(Loss)/profit and total comprehensive (loss)/income for the year	**(99,102)**	120,197

	2022 RMB'000	2021 RMB'000
Dividends received from joint venture entities	**18,526**	95,000

Aggregate information of joint ventures that are not individually material:

	2022 RMB'000	2021 RMB'000
The Group's share of (loss)/profit	**(38,204)**	1,640
The Group's share of total comprehensive (loss)/income	**(38,204)**	1,640
Aggregate carrying amount of the Group's interests in these joint ventures	**133,493**	166,262

(ii) Commitments in respect of joint ventures

	2022 RMB'000	2021 RMB'000
Commitment of capital injection into a joint venture	**110,359**	114,507

20 Investments in Associates

	2022 RMB'000	2021 RMB'000
Share of net assets	**4,785**	4,785

Particulars of the associates, which are unlisted corporate entities, are as follows:

Company name	Place of registration/ business	Percentage of ownership interest(%) 2022	2021	Principal activities
Crown Speed Investments Limited	Hong Kong	**21.22**	21.22	Investment holding
Capital Chain Holdings Limited	Hong Kong	**7**	7	Investment holding
Better Chance Investments Limited	Hong Kong	**7**	7	Investment holding
Zhumadianshi Dongda Real Estate Company Limited (駐馬店市東達置業有限公司) #	PRC/Mainland China	**10**	10	Property management
Heilongjiang Yida Jinyuan Park Management Company Limited (黑龍江省億達金源園區管理有限公司) #	PRC/Mainland China	**30**	30	Business park investment and management
Meishan Dongjia Laoxiang Industrial Company Limited (眉山東家老香實業有限責任公司) #	PRC/Mainland China	**10**	10	Business park investment and management

The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as these companies did not register any official English names.

The Group did not have any material associates for the year.

Aggregate information of associates that are not individually material:

	2022 RMB'000	2021 RMB'000
The Group's share of (loss)/profit	–	(142)
The Group's share of total comprehensive (loss)/income	–	(142)
Aggregate carrying amount of the Group's interests in these associates	**4,785**	4,785

21 Properties Under Development

	2022 RMB'000	2021 RMB'000
Properties under development expected to be completed:		
Within normal operating cycle included under current assets	**7,934,733**	8,906,377
Less: Provisions for impairment loss	**(10,511)**	(4,821)
	7,924,222	8,901,556
Properties under development expected to be completed within normal operating cycle and recoverable:		
– Within one year	**4,005,302**	4,529,685
– After one year	**3,918,920**	4,371,871
	7,924,222	8,901,556

At 31 December 2022, certain of the Group's properties under development of RMB5,777,695,000 (2021: RMB6,324,475,000) were pledged to banks to secure the loans granted to the Group (note 30).

22 Completed Properties Held for Sale

The completed properties held for sale are stated at the lower of cost and net realisable value.

	2022 RMB'000	2021 RMB'000
Completed properties held for sale	**5,154,146**	6,375,534
Less: Provisions for impairment loss	**(215,040)**	(221,171)
	4,939,106	6,154,363

At 31 December 2022, certain of the Group's completed properties held for sale of RMB3,088,247,000 (2021: RMB4,930,857,000) were pledged to banks to secure the loans granted to the Group (note 30).

23 Contract Assets

	2022 RMB'000	2021 RMB'000
Contract assets	**149,710**	121,146
Less: Allowances for impairment of contract assets	**(156)**	(126)
	149,554	121,020

24 Trade Receivables

	2022 RMB'000	2021 RMB'000
Trade and notes receivables – gross amount	**484,304**	599,021
Less: Allowances for impairment of trade and notes receivables	**(99,484)**	(53,393)
	384,820	545,628

Trade and notes receivables are mainly arisen from sales of properties, leases of investment properties and other services businesses. The payment terms of receivables are stipulated in the relevant contracts. Trade and notes receivables are non-interest-bearing.

An aging analysis of the gross trade and notes receivables as at the end of the reporting period, based on the invoice date and before net provision, is as follows:

	2022 RMB'000	2021 RMB'000
Within 1 year	**167,017**	258,913
1 to 2 years	**90,461**	121,096
Over 2 years	**226,826**	219,012
	484,304	599,021

As at 31 December 2022, a provision of RMB99,484,000 (31 December 2021: RMB53,393,000) was made against the gross amount of trade and notes receivables (note 43).

As at 31 December 2022, included in the Group's trade and notes receivables are amounts due from the Group's joint ventures of RMB79,000 (2021: RMB455,000), which are all repayable on credit terms similar to those offered to the major customers of the Group.

25 Prepayments, Deposits and Other Receivables

	2022 RMB'000	2021 RMB'000
Prepayments	**445,088**	407,471
Deposits and other receivables – gross amount	**1,686,811**	1,807,207
Less: Allowances for impairment of deposits and other receivables	**(17,152)**	(18,506)
Carrying amount at end of year	**2,114,747**	2,196,172
Current portion	**(1,484,998)**	(1,677,286)
Non-current portion	**629,749**	518,886

As at 31 December 2021, certain of the Group's other receivables of RMB74,707,000 were pledged to banks to secure the loans granted to the Group (note 30).

The Group applies the general approach to provide for expected credit losses prescribed by HKFRS 9.

As at 31 December 2022, included in the Group's prepayments, deposits and other receivables are amounts due from associates of RMB31,361,000 (2021: RMB28,662,000), which are unsecured, interest-free and repayable on demand.

As at 31 December 2021, included in the Group's prepayments, deposits and other receivables due from joint ventures of RMB660,000, which are unsecured, interest-free and repayable on demand.

As at 31 December 2022, included in the Group's other receivables are advances of RMB1,030,380,000 (2021: RMB1,000,270,000) to certain local government authorities in Dalian, the PRC, in connection with the primary land development of certain land parcels in Dalian, the PRC.

26 Cash and Cash Equivalents and Restricted Cash

	2022 RMB'000	2021 RMB'000
Cash and bank balances	**358,800**	773,885
Less: Restricted cash	**(231,281)**	(330,685)
Cash and cash equivalents	**127,519**	443,200

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB358,583,000 (2021: RMB755,250,000).

Notes:

- According to the relevant loan facility agreements signed by certain subsidiaries of the Group with the banks, the subsidiaries are required to place the pre-sale proceeds from their properties at designated bank accounts. The deposits can only be used for the payment of property development costs incurred by the subsidiaries and the repayment of the relevant loans. At 31 December 2022, such guarantee deposits amounted to RMB15,370,000 by certain subsidiaries of the Group (2021: RMB42,037,000).

- At 31 December 2022, the deposits of the Group amounted to RMB215,911,000 (2021: RMB250,248,000), which was the deposits placed at designated bank accounts by certain subsidiaries of the Group for potential industrial accidents during construction work and training talents, according to the relevant regulation implemented by the local government and contracts.

- At 31 December 2021, certain of the Group's time deposits of RMB38,400,000 were pledged to banks to secure the bank and other loans granted to the Group (note 30).

27 Discontinued operation

On 4 March 2021, four wholly-owned subsidiaries of the Company entered into an equity transfer agreement with Longfor Jiayue Property Service Company Limited ("**Longfor**"), pursuant to which the Group disposed 100% equity interests in Yida Property Service Company Limited ("**Yida Property Service**") at a consideration of RMB1,273,000,000. On 10 March 2021, the disposal of Yida Property Service was completed. The Group recognised a gain on disposal after income tax of RMB897 million in 2021, and Yida Property Service was reported as a discontinued operation.

In the event the operations of Yida Property Service would not achieve the guaranteed profits for each of the four years ending 31 December 2024 as specified in the agreement, additional cash compensation will be paid to Longfor. As at 31 December 2022 and 2021, the fair value of the compensation was determined to be nil.

28 Trade Payables

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022 RMB'000	2021 RMB'000
Within 1 year	**2,428,771**	2,647,053
Above 1 year	**1,191,148**	1,419,969
	3,619,919	4,067,022

The trade payables are non-interest-bearing and unsecured.

29 Other Payables and Accruals

	2022 RMB'000	2021 RMB'000
Employee benefits payable	**269,312**	203,803
Accruals	**935,939**	664,407
Other payables	**2,433,174**	2,245,700
Carrying amount at end of the year	**3,638,425**	3,113,910
Current portion	**(3,638,425)**	(3,113,910)
Non-current portion	**–**	–

As at 31 December 2022, included in the Group's other payables were amounts due to joint ventures of RMB18,096,000 (2021: RMB28,695,000), which are unsecured, interest-free and repayable on demand.

As at 31 December 2022, included in the Group's other payables were amounts due to Main Zone Limited and Innovate Zone Group Limited of RMB25,865,000 (2021: RMB26,310,000) and RMB172,643,000 (2021: RMB175,478,000) respectively, as part of the consideration for the acquisition of 28.2% and 61.54% equity interests in Richcoast Group. The payables due to Main Zone Group Limited and Innovate Zone Group Limited carried a late payment interest at a rate of 5% per annum, and it has been further adjusted to a rate of 15% per annum since 30 June 2019.

As at 31 December 2022, included in the Group's other payables were amounts due to Aetos Parties of RMB1,066,980,000 bearing interest rate of 21.9% per annum (31 December 2021: RMB824,904,000), which were in connection with the acquisition of the remaining equity interests in Dalian Yihong and Dalian Yize. Pursuant to the settlement agreement with Aetos Parties dated on 4 March 2021, the Group should settle the payables to Aetos Parties by instalments before 30 September 2021 in accordance with an agreed payment schedule. However, the Group failed to fulfill the settlement agreement, and therefore Aetos Parties formally demanded the Group several times to settle the unpaid balance, among other actions, to Aetos Parties' satisfaction, or otherwise a winding-up petition may be presented to the court (the "Aetos Parties Matter"). As at 31 December 2022, the payable balance with interest accrued thereon to Aetos Parties amounted to RMB1,066,980,000. The Group has been actively negotiating with Aetos Parties.

30 Interest-Bearing Bank and Other Borrowings

	2022		2021	
	Effective interest rate (%)	RMB'000	Effective interest rate (%)	RMB'000
Current				
Bank loans – secured	**4.00-6.50**	**5,808,668**	3.85-7.45	4,563,730
Bank loans – unsecured	–	–	4.25	1,600
Other loans – secured	**2.00-13.00**	**4,306,601**	6.00-14.30	4,450,298
Other loans – unsecured	**1.20-6.00**	**1,935,557**	1.20-12.00	1,854,632
		12,050,826		10,870,260
Non-current				
Bank loans – secured	–	–	4.55	354,000
Other loans – secured	–	–	6.00-13.00	1,686,200
		–		2,040,200
		12,050,826		12,910,460

	2022 RMB'000	2021 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**5,808,668**	4,565,330
In the second year	–	354,000
	5,808,668	4,919,330
Other loans repayable:		
Within one year or on demand	**6,242,158**	6,304,930
In the second year	–	1,686,200
	6,242,158	7,991,130
	12,050,826	12,910,460

30 Interest-Bearing Bank and Other Borrowings (continued)

As at 31 December 2022, included in bank loans of the Group is an amount of RMB1,595,168,000 (2021: RMB2,320,290,000) containing an on-demand clause, which has been classified as current liabilities. For the purpose of the table above, the loan is included within current interest-bearing bank and other borrowings and analysed into bank loans repayable within one year or on demand.

The current bank loans and other loans included borrowings with principal amounts of RMB2,951,250,000 (2021: RMB2,659,277,000) with original maturity beyond 31 December 2023 which have been reclassified as current liabilities as at 31 December 2022 as a result of the matters described in note 2.1(c).

(a) As at 31 December 2022, included in other loans of the Group were the first tranche and the second tranche of corporate bonds with the principal amounts of RMB800,000,000 and RMB479,223,000 respectively (31 December 2021: RMB800,000,000 and RMB524,223,000 respectively). The first tranche and the second tranche of the corporate bonds were issued by Yida Development Company Limited, an indirectly wholly-owned subsidiary of the Company, on 24 September 2015 and 8 March 2016, respectively.

As at 31 December 2022, the remaining first tranche of corporate bond with the principal amount of RMB800,000,000 were extended to 31 December 2023, borne interest at a rate of 4% per annum (31 December 2021: 6%). As at 31 December 2022, certain second tranche of corporate bond with the principal amount of RMB249,523,000 were extended to 31 December 2023 by respective bond holders, borne interest at a rate ranging from 2% to 4% per annum (31 December 2021: 2% to 6%), while the remaining second tranche of corporate bond with the principal amount of RMB229,700,000 were extended to 31 March 2023, borne interest at a rate of 6% per annum (31 December 2021: 6%), and were further extended to 30 June 2023 subsequently.

(b) As at 31 December 2021, included in other loans of the Group were senior notes due on 27 March 2022 (the "Senior Notes") with carrying amount of RMB1,332,049,000, which constituted an event of default and were unsecured and guaranteed by certain subsidiaries of the Group.

On 17 February 2022, a solicitation of consents for the Senior Notes was completed. Previous events of default of the Senior Notes and other cross-default terms were waived. The maturity date of the Senior Notes was extended to 30 April 2025 while the interest rate of the Senior Notes changed to 6% per annum and the Company should pay consent fee and the lieu of accrued interest of USD11,500,000 in total.

Since then and up to 31 December 2022, the Company failed to pay the consent fee, the lieu of accrued interest and accrued interest of USD16,084,000 in total according to the scheduled payment date in the solicitation of consents. As at 31 December 2022, the carrying amount was RMB1,457,265,000.

30 Interest-Bearing Bank and Other Borrowings (continued)

(c) Certain of the Group's bank and other loans are secured or guaranteed by:

(i) mortgages over the Group's properties under development with an aggregate carrying value at 31 December 2022 of approximately RMB5,777,695,000 (2021: RMB6,324,475,000);

(ii) pledges of the Group's investment properties with an aggregate carrying value at 31 December 2022 of approximately RMB16,011,638,000 (2021: RMB18,138,744,000);

(iii) pledges of the Group's land held for development for sale with an aggregate carrying value at 31 December 2022 of approximately RMB761,226,000 (2021: RMB935,669,000);

(iv) pledges of the Group's completed properties held for sale with an aggregate carrying value at 31 December 2022 of approximately RMB3,088,247,000 (2021: RMB4,930,857,000);

(v) pledge of a building of the Group with a carrying value at 31 December 2022 of approximately RMB24,978,000 (2021: RMB30,466,000);

(vi) corporate guarantees executed by certain subsidiaries of the Group to the extent of RMB7,749,563,000 (2021: RMB8,687,847,000) as at 31 December 2022;

(vii) pledges of certain equity interests of the subsidiaries of the Company;

(viii) pledges of certain of the Group's time deposits with an aggregate carrying value at 31 December 2021 of approximately RMB38,400,000; and

(ix) pledges of certain of other receivables of the Group with a carrying value at 31 December 2021 of approximately RMB74,707,000.

(d) Other than certain other loans with a carrying amount of RMB1,510,892,000 (2021: RMB1,381,141,000) denominated in USD as at 31 December 2022 and RMB369,797,000 (2021: RMB508,138,000) denominated in HKD as at 31 December 2022, all bank and other loans of the Group are denominated in RMB as at 31 December 2022 and 2021.

(e) As at 31 December 2022, included in other loans of the Group were loans from related parties (Shanghai Jiayu Medical Investment Management Co., Ltd. and Jiahuang (Holdings) Investment Limited) controlled by the same ultimate holding company with principal amounts of RMB661,824,000 (31 December 2021: RMB657,289,000), among which RMB410,265,000 were unsecured, borne interest at 2% per annum, while the remaining RMB251,559,000 were secured, borne interest at 2% per annum.

31 Provision for Land Appreciation Tax

	RMB'000
At 1 January 2021	893,613
Charged to the consolidated statement of profit or loss during the year (note 12)	459,467
Payments for the year	(100,655)
At 31 December 2021 and 1 January 2022	1,252,425
Charged to the consolidated statement of profit or loss during the year (note 12)	373,890
Payments for the year	(27,454)
At 31 December 2022	1,598,861

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated, made and included a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

32 Deferred Tax

	2022 **RMB'000**	2021 RMB'000
Deferred tax assets	**460,001**	380,535
Deferred tax liabilities	**(2,766,331)**	(2,851,617)
	(2,306,330)	(2,471,082)

32 Deferred Tax (continued)

The gross movement on the deferred income tax account is as follows:

	2022 RMB'000	2021 RMB'000
Opening balance	**(2,471,082)**	(2,670,791)
Credited to profit or loss	**171,390**	194,758
(Decreases)/additions in connection with disposal of subsidiaries	**(6,638)**	4,951
	(2,306,330)	(2,471,082)

As at 31 December 2022, deferred income tax assets and deferred income tax liabilities amounting to RMB14,825,000 (2021: RMB80,160,000) were offset.

The movements in deferred income tax assets and liabilities for both years ended 31 December 2022 and 2021 without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(a) Deferred tax assets

The movements in deferred tax assets before offsetting are as follows:

Movements	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Unrealised profits from intra-group transactions RMB'000	Provision for LAT RMB'000	Impairment provision on financial and contract assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	80,160	33,781	217,960	6,652	6,150	344,703
Credited to profit or loss	–	19,749	91,914	3,742	587	115,992
At 31 December 2021	80,160	53,530	309,874	10,394	6,737	460,695
Credited to profit or loss	(65,335)	10,217	64,796	11,190	(99)	20,769
Decrease in connection with disposal of subsidiaries	–	–	–	–	(6,638)	(6,638)
At 31 December 2022	14,825	63,747	374,670	21,584	–	474,826

32 Deferred Tax (continued)

(b) Deferred tax liabilities

The movements in deferred tax liabilities before offsetting are as follows:

Movements	Revaluation of investment properties RMB'000	Lease expenses RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Total
At 1 January 2021	(1,864,206)	(1,217)	(1,150,071)	(3,015,494)
(Charged)/credited to profit or loss	(16,114)	(4,750)	99,630	78,766
Decrease in connection with disposal of subsidiaries	4,900	–	51	4,951
At 31 December 2021	(1,875,420)	(5,967)	(1,050,390)	(2,931,777)
(Charged)/credited to profit or loss	(18,233)	(651)	169,505	150,621
At 31 December 2022	(1,893,653)	(6,618)	(880,885)	(2,781,156)

The Group had unutilised tax losses of approximately RMB3,703,901,000 (2021: RMB3,308,337,000) as at 31 December 2022, that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the tax entities in which the losses arose. Deferred tax assets are recognised for tax losses carried forward only to the extent that the realisation of the related benefits through future taxable profits is probable. The Group did not recognise deferred tax assets in respect of such unutilised tax losses as the realisation of the related benefits is uncertain.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be levied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2022 and 2021, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, these subsidiaries will not distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB5,319,085,000 as at 31 December 2022 (2021: RMB5,856,310,000).

33 Share Capital

	2022 RMB'000	2021 RMB'000
Authorised:		
50,000,000,000 shares of US$0.01 each	**3,124,300**	3,124,300
Issued and fully paid:		
2,583,970,000 ordinary shares of US$0.01 each	**159,418**	159,418

34 Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

	Share premium RMB'000	Statutory surplus reserve RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Share – based payment reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2022	**1,288,734**	**727,313**	**352,979**	**25,292**	**81,000**	**9,397,772**	**11,873,090**
Comprehensive income							
Loss for the year	–	–	–	–	–	**(736,773)**	**(736,773)**
Total comprehensive loss for the year	–	–	–	–	–	**(736,773)**	**(736,773)**
Transactions with owners							
Appropriation to surplus reserve	–	**24,425**	–	–	–	**(24,425)**	–
Balance at 31 December 2022	**1,288,734**	**751,738**	**352,979**	**25,292**	**81,000**	**8,636,574**	**11,136,317**

34 Reserves (continued)

	Share premium RMB'000	Statutory surplus reserve RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Share – based payment reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2021	1,288,734	646,653	352,979	25,292	81,000	9,475,498	11,870,156
Comprehensive income							
Profit for the year	–	–	–	–	–	2,934	2,934
Total comprehensive income for the year	–	–	–	–	–	2,934	2,934
Transactions with owners							
Appropriation to surplus reserve	–	80,660	–	–	–	(80,660)	–
Balance at 31 December 2021	1,288,734	727,313	352,979	25,292	81,000	9,397,772	11,873,090

- ### Statutory surplus reserve

  Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC, and were approved by the respective boards of directors.

- ### Merger reserve

  The merger reserve represents the reserve arising pursuant to the reorganisation of the Group in 2013.

- ### Share-based payment reserve

  The share-based payment reserve represents the reserve arising pursuant to the reorganisation of the Group in 2013. The amount of RMB81,000,000 represents the difference between the estimated fair value of the shares at the date of issue and the consideration paid by the companies owned by certain employees of the Group.

35 Financial Guarantees

The Group had the following financial guarantees as at the end of the reporting period:

(a) As at 31 December 2022, the maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to RMB420,572,000 (2021: RMB1,028,783,000).

At the end of the reporting period, the Group provided guarantees in respect of the mortgage facilities granted by certain banks to certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks.

Under the above arrangement, the related properties were pledged to the banks as security on the mortgage loans. Upon default on mortgage payments by these purchasers, the banks are entitled to take over the legal titles and can realise the pledged properties through open auction. The Group is obliged to repay the banks for the shortfall if the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans, and ends upon the earlier of (i) the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties; and (ii) the settlement of mortgage loans between the mortgage banks and the purchasers.

(b) The Group provided guarantees to the extent of RMB125,653,000 (2021: RMB319,804,000) as at 31 December 2022 in respect of bank loans granted to its joint ventures.

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the Directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the consolidated financial statements and no expected credit losses has been recognised.

36 Pledge of Assets

Details of the Group's assets pledged for the Group's bank and other loans are included in note 30 to the consolidated financial statements.

37 Operating Lease Arrangements As A Lessor

The Group leases its investment properties (note 16) under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years. The terms of the leases generally also require the tenants to pay security deposits and to provide for periodic rent adjustments according to the then prevailing market conditions. Certain contingent rent receivables are determined based on the turnover of the lessees.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2022 **RMB'000**	2021 RMB'000
Within one year	**301,978**	294,142
In the second to fifth years, inclusive	**499,050**	645,328
After five years	**43,288**	578,902
	844,316	1,518,372

38 Commitments

In addition to the operating lease commitments, the Group had the following capital commitments at the end of the reporting period:

	2022 **RMB'000**	2021 RMB'000
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	**5,189,589**	4,092,076
Capital contribution to a joint venture	**110,359**	114,507
	5,299,948	4,206,583

39 Notes to the Consolidated Statement of Cash Flows

Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000	Lease RMB'000	Total RMB'000
At 1 January 2022	**12,910,460**	**52,439**	**12,962,899**
Changes from financing cash flows	**(450,052)**	**(16,830)**	**(391,882)**
Foreign exchange movements	**155,107**	**–**	**135,555**
Disposal of subsidiaries	**(458,990)**	**–**	**(458,990)**
Changes in interest accruals	**(67,816)**	**–**	**(67,816)**
Other movements-net	**(37,883)**	**9,128**	**(84,203)**
At 31 December 2022	**12,050,826**	**44,737**	**12,095,563**
At 1 January 2021	15,279,359	75,555	15,354,914
Changes from financing cash flows	(2,455,694)	(26,961)	(2,482,655)
Foreign exchange movements	(54,506)	–	(54,506)
Changes in interest accruals	(307,553)	–	(307,553)
Other movements-net	448,854	3,845	452,699
At 31 December 2021	12,910,460	52,439	12,962,899

40 Related Party Transactions

(a) In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

	Notes	**2022 RMB'000**	2021 RMB'000
Service fees from joint ventures	(i)	**–**	8,499
Service fees to a joint venture	(i)	**787**	96

Notes:

(i) The service fees were related to the construction services, landscaping services and property management services provided by the Group and related to decoration provided to the Group by a joint venture at rates determined in accordance with the terms and conditions set out in the contracts entered into with the related parties.

In the opinion of the Directors, the above transactions were entered into in the ordinary course of business of the Group.

40 Related Party Transactions (continued)

(b) Compensation of key management personnel of the Group

In the opinion of the Directors, the Directors represent the key management personnel of the Group and details of the compensation are set out in note 10 to the consolidated financial statements.

41 Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows:

At 31 December 2022

Financial assets

	Financial assets at amortised cost RMB'000
Trade receivables (note 24)	**384,820**
Deposits and other receivables (note 25)	**1,669,659**
Restricted cash (note 26)	**231,281**
Cash and cash equivalents (note 26)	**127,519**
	2,413,279

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables (note 28)	**3,619,919**
Other payables and accruals (note 29)	**2,847,040**
Interest-bearing bank and other borrowings (note 30)	**12,050,826**
Lease liabilities	**44,737**
	18,562,522

41 Financial Instruments by Category (continued)

At 31 December 2021

Financial assets

	Financial assets at amortised cost RMB'000
Trade receivables (note 24)	545,628
Deposits and other receivables (note 25)	1,788,701
Restricted cash (note 26)	330,685
Cash and cash equivalents (note 26)	443,200
	3,108,214

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables (note 28)	4,067,022
Other payables and accruals (note 29)	2,387,184
Interest-bearing bank and other borrowings (note 30)	12,910,460
Lease liabilities	52,439
	19,417,105

42 Fair Value and Fair Value Hierarchy of Financial Instruments

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2022 and 2021 respectively.

Fair value hierarchy as at 31 December 2022

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value:				
Investment properties (note 16)	–	–	**17,490,255**	**17,490,255**
	–	–	**17,490,255**	**17,490,255**

Fair value hierarchy as at 31 December 2021

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value:				
Investment properties (note 16)	–	–	18,150,400	18,150,400
	–	–	18,150,400	18,150,400

The fair values of the non-current portion of other receivables and interest-bearing bank and other borrowings are approximate to their carrying amounts as at 31 December 2022 and 2021.

The details of the valuation technique and inputs used in the fair value measurement of investment properties has been disclosed in note 16 to the consolidated financial statements.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2021: nil).

The Group's finance department determines the policies and procedures for recurring fair value measurement, such as investment properties. The finance department comprises the head of the investment properties segment, head of the Group's investment team, chief financial officer and the managers of each property.

42 Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

External valuers are involved for the valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the finance department. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The finance department decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the finance department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the finance department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The finance department, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

43 Financial risk management objectives and policies

The Group's principal financial instruments comprise bank and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Market risk

The Group's assets are predominantly in the form of land held for development for sale, investment properties, properties under development and completed properties held for sale. In the event of a severe downturn in the property market, these assets may not be readily realised.

The sensitivity analyses of fair value measurement of investment properties are disclosed in note 16 to the consolidated financial statements.

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in Mainland China at the same savings rate of unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. Since the Group has mainly entered into floating interest rate loans, there is no significant fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

43 Financial risk management objectives and policies (continued)

(b) Interest rate risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax and capitalised interest. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basic points	Effect on profit before tax RMB'000
31 December 2022		
RMB	**50**	**(1,770)**
RMB	**(50)**	**1,770**
31 December 2021		
RMB	50	(4,735)
RMB	(50)	4,735

(c) Foreign currency risk

All of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under the existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service- related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

43 Financial risk management objectives and policies (continued)

(c) Foreign currency risk (continued)

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration of Foreign Exchange. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration of Foreign Exchange, this could affect the Group's subsidiaries' ability to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from the Company.

The Group's financial assets and liabilities including certain short term deposits and borrowing denominated in United States dollars and Hong Kong dollars are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risk. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Group may not be able to hedge the Group's exposure successfully, or at all.

As at 31 December 2022, if RMB had weakened/strengthened by 9% (2021: 9%) against the United States dollar, which was considered reasonably possible by management, the Group's profit before tax for the year would have been decreased/increased by RMB294,489,000 (2021: RMB122,098,000) and there would be no material impact on other components of the Group's equity.

(d) Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. There is no significant concentration of credit risk within the Group.

Trade receivables mainly represent receivables for contract works. Other receivables mainly comprise amounts due from related parties and advances to local government authorities in connection with primary land development. The Group closely monitors these trade receivables and other receivables to ensure actions are taken to recover these balances in case of any risk of default.

On top of the credit risk arising from the financial guarantees provided by the Group as detailed in note 35, the credit risk of the Group's other financial assets, which mainly comprise cash and short term deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets.

43 Financial risk management objectives and policies (continued)

(d) Credit risk (continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the borrower
- significant increases in credit risk on other financial instruments of the individual property owner or the same borrower
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

(i) Trade receivables and contract assets

The Group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowances for trade and notes receivables and contract assets.

As at 31 December 2022, included in total trade receivables with gross amounts of RMB18,915,000, RMB18,915,000 are individually subject to separate assessment for provision. The loss allowance is RMB18,915,000.

As at 31 December 2022, included in total notes receivables with gross amounts of RMB5,900,000, RMB5,900,000 are individually subject to separate assessment for provision. The loss allowance is RMB5,900,000.

As at 31 December 2022, the loss allowance for trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

31 December 2022	Current RMB'000	Within 180 days past due RMB'000	More than 180 days past due RMB'000	More than 1 year past due RMB'000	Total RMB'000
Expected loss rate	0.95%	5.84%	19.69%	100.00%	
Gross carrying amount	141,821	198,374	71,680	47,614	459,489
Loss allowance	(1,347)	(11,594)	(14,114)	(47,614)	(74,669)

43 Financial risk management objectives and policies (continued)

(d) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

As at 31 December 2021, the loss allowance for trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

31 December 2021	Current RMB'000	Within 180 days past due RMB'000	More than 2 year past due RMB'000	Total RMB'000
Expected loss rate	0.95%	4.77%	100.00%	
Gross carrying amount	229,916	333,836	35,269	599,021
Loss allowance	(2,184)	(15,940)	(35,269)	(53,393)

For contract assets, the expected credit losses, RMB156,000 as at 31 December 2022 and RMB126,000 as at 31 December 2021, were determined based on carrying amounts of RMB149,710,000 and RMB121,146,000 respectively at expected loss rate of 0.1%.

(ii) Other receivables (excluding prepayments)

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flow	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected losses	Gross carrying amount
Stage three	Receivables for which there is credit loss since initial recognition	Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

43 Financial risk management objectives and policies (continued)

(d) Credit risk (continued)

(ii) Other receivables (excluding prepayments) (continued)

As at 31 December 2022, the Group provides for loss allowance for other receivables as follows:

	Category	Expected credit loss rate	Estimated gross carrying amount at default	Loss allowance	Carrying amount (net of impairment provision)
Amounts due from related parties	**Stage one**	**1.7%**	**31,360**	**(533)**	**30,827**
Receivables for primary land development	**Stage one**	**0.1%**	**1,030,380**	**(1,030)**	**1,029,350**
Others	**Stage one**	**0.94%**	**615,266**	**(5,784)**	**609,482**
Others	**Stage three**	**100%**	**9,805**	**(9,805)**	**–**
			1,686,811	**(17,152)**	**1,669,659**

As at 31 December 2021, the Group provides for loss allowance for other receivables as follows:

	Category	Expected credit loss rate	Estimated gross carrying amount at default	Loss allowance	Carrying amount (net of impairment provision)
Amounts due from related parties	Stage one	1.70%	28,662	(487)	28,175
Receivables for primary land development	Stage one	0.10%	1,000,270	(1000)	999,270
Others	Stage one	0.94%	768,480	(7,224)	761,256
Others	Stage three	100.00%	9,795	(9,795)	–
			1,807,207	(18,506)	1,788,701

43 Financial risk management objectives and policies (continued)

(e) Liquidity risk

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents (note 26) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group, in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities are available for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	At 31 December 2022				
	On demand or within 1 year	In the second year	3 to 5 years	Beyond 5 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings (note 30)	**12,534,289**	–	–	–	**12,534,289**
Trade payables (note 28)	**3,619,919**	–	–	–	**3,619,919**
Other payables and accruals (note 29)	**2,847,040**	–	–	–	**2,847,040**
Lease liabilities	**12,533**	**9,110**	**17,248**	**15,445**	**54,336**
	19,013,781	**9,110**	**17,248**	**15,445**	**19,055,584**
Financial guarantees issued: Maximum amount guaranteed (note 35)	**546,225**	–	–	–	**546,225**

	At 31 December 2021				
	On demand or within 1 year	In the second year	3 to 5 years	Beyond 5 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings (note 30)	11,726,175	2,259,049	–	–	13,985,224
Trade payables (note 28)	4,067,022	–	–	–	4,067,022
Other payables and accruals (note 29)	2,387,184	–	–	–	2,387,184
Lease liabilities	17,390	9,390	17,508	20,453	64,741
	18,197,771	2,268,439	17,508	20,453	20,504,171
Financial guarantees issued: Maximum amount guaranteed (note 35)	1,348,587	–	–	–	1,348,587

Note: The amounts of interest-bearing bank and other borrowings include future interest payments computed using contractual rates.

43 Financial risk management objectives and policies (continued)

(f) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is subject to financial covenants attached to the interest-bearing bank and other borrowings that define capital structure requirements. The financial institutions have the right to call the bank and other borrowings immediately for breach of the relevant financial covenants. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a net debt ratio, which is net debt divided by the capital. Net debt includes interest-bearing bank and other borrowings, less cash and cash equivalents and restricted cash. Capital represents total equity. The net debt ratios as at the end of the reporting periods were as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Interest-bearing bank and other borrowings (note 30)	**12,050,826**	12,910,460
Less: Cash and cash equivalents (note 26)	**(127,519)**	(443,200)
Less: Restricted cash (note 26)	**(231,281)**	(330,685)
Net debt	**11,692,026**	12,136,575
Total equity	**11,405,677**	12,200,741
Net debt ratio	**102.5%**	99.5%

44 Statement of Financial Position and Reserve Movements of the Company

	2022 RMB'000	2021 RMB'000
Non-Current Asset		
Investment in a subsidiary	–	–
Current Assets		
Due from subsidiaries	**2,902,638**	2,895,138
Cash and cash equivalents	**616**	366
Total current assets	**2,903,254**	2,895,504
Current Liabilities		
Interest-bearing bank and other borrowings	**1,880,689**	1,889,280
Trade payables	**3,482**	153
Other payables and accruals	**84,606**	72,585
Due to subsidiaries	**820,088**	822,771
Total current liabilities	**2,788,865**	2,784,789
Net Current Assets	**114,389**	110,715
Net assets	**114,389**	110,715
Equity		
Issued capital	**159,418**	159,418
Reserves	**(45,029)**	(48,703)
Total equity	**114,389**	110,715

Jiang Xiuwen
Director

Lu Jianhua
Director

44 Statement of Financial Position and Reserve Movements of the Company (continued)

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total reserves RMB'000
As at 1 January 2021	1,288,734	81,000	(908,323)	461,411
Loss for the year and total comprehensive loss for the year	–	–	(510,114)	(510,114)
As at 31 December 2021 and 1 January 2022	1,288,734	81,000	(1,418,437)	(48,703)
Profit for the year and total comprehensive income for the year	–	–	3,674	3,674
As at 31 December 2022	1,288,734	81,000	(1,414,763)	(45,029)

45 Approval of the Consolidated Financial Statements

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 31 March 2023.

Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below:

	Year ended 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**4,532,923**	5,395,065	4,848,906	6,077,400	7,356,958
Cost of sales	**(3,472,507)**	(3,761,063)	(3,678,887)	(3,946,801)	(5,305,746)
Gross profit	**1,060,416**	1,634,002	1,170,019	2,130,599	2,051,212
Other income	**9,251**	18,307	36,479	52,733	51,927
Gains arising from acquisition of subsidiaries	**–**	–	454,889	49,389	790,959
Fair value gains on investment properties	**(37,624)**	(117,238)	81,073	147,396	6,586
Net impairment losses on financial and contract assets	**(44,767)**	(15,947)	2,663	(9,174)	(23,861)
Other (losses)/gains – net	**(272,071)**	(473,900)	78,920	297,643	(45,058)
Selling and marketing expenses	**(118,694)**	(220,957)	(165,041)	(208,086)	(192,886)
Administrative expenses	**(238,248)**	(341,198)	(409,613)	(520,801)	(502,698)
Finance costs – net	**(581,088)**	(821,294)	(832,091)	(683,098)	(659,853)
Share of profits and losses of joint ventures and associates	**(87,755)**	90,953	87,198	50,808	8,810
Profit before income tax	**(310,580)**	(247,272)	504,496	1,307,409	1,485,138
Income tax expenses	**(425,913)**	(620,694)	(336,191)	(669,306)	(681,552)
Profit for the year	**(736,493)**	22,190	196,839	638,103	803,586
Owners of the Company	**(736,773)**	2,934	172,576	450,164	833,919
Non-controlling interests	**280**	19,256	24,263	187,939	(30,333)
	(736,493)	22,190	196,839	638,103	803,586

	As at 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**39,684,064**	43,223,115	45,466,485	43,873,463	43,086,362
TOTAL LIABILITIES	**(28,278,387)**	(31,022,374)	(33,154,703)	(31,337,942)	(31,247,803)
NON-CONTROLLING INTERESTS	**(109,942)**	(168,233)	(282,208)	(678,523)	(463,615)
	11,295,735	12,032,508	12,029,574	11,856,998	11,374,944

商務園區運營專家
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